

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION,
ET AL., PETITIONERS,

vs.

MAIER BREWING COMPANY, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

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[fol. A]

**IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

No. 17696

**THE FLEISCHMANN DISTILLING CORP., A CORPORATION, etc.,
Appellants,**

vs.

**MAIER BREWING COMPANY, A CORPORATION, et al.,
Appellees.**

Transcript of Record

[fol. 3]

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

SOUTHERN DIVISION

Civil Action No. 37340

**THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,**

vs.

**MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants.**

**COMPLAINT FOR TRADEMARK INFRINGEMENT AND UNFAIR
COMPETITION—Filed May 20, 1958**

Plaintiff The Fleischmann Distilling Corporation, a corporation, complains of defendants Maier Brewing Com-

pany, a corporation, and Ralphs Grocery Company, a corporation, and alleges a claim for relief as follows:

1. This is a civil action between citizens of different states where the matter in controversy exceeds the sum or value of \$3,000, exclusive of interest and costs. This action also arises under Acts of Congress relating to trademarks, particularly the Act of February 20, 1905, 60 Stat. 444, 15 U.S.C. 81-134, and the Act of July 5, 1946, 60 Stat. 427, 15 U.S.C. 1051-1127, and also asserts a related claim of unfair competition.

[fol. 4] 2. Since on and before March 1, 1938, plaintiff The Fleischmann Distilling Corporation, has been and is a corporation duly incorporated and existing under the laws of, and a citizen of, the State of New York.

3. For many years last past defendant Maier Brewing Company, hereinafter called Maier, has been and is a corporation duly organized and existing under the laws of the State of California and is a citizen and resident thereof. It has been doing business under its corporate name and under various fictitious names, including the name A.B.C. Brewing Co.

4. For many years last past Ralphs Grocery Company, hereinafter called Ralphs, has been and is a corporation duly organized and existing under the laws of the State of California and is a citizen and resident thereof.

5. Since on or about August 21, 1903, James Buchanan & Company Limited, hereafter referred to as Buchanan, has been and is a company duly incorporated and existing under the laws of Great Britain, engaged in the business of whisky blender and merchant. Upon its incorporation, it acquired the business of whisky merchants carried on in London, England, under the name of James Buchanan & Co.

6. Buchanan and its predecessors, James Buchanan & Co., at all times herein mentioned have blended, bottled and sold whisky.

[fol. 5] 7. In or about January 1899, James Buchanan & Co., Buchanan's predecessor, commenced designating and labeling its whisky as "Black & White." From January 1899 until August 1903 James Buchanan & Co. continuously used the name "Black & White," and from August 1903 Buchanan has continuously used, and is using, the said name "Black & White."

8. Buchanan's whisky, labeled "Black & White," was first imported into the United States over 53 years ago, in 1904. Continuously, ever since 1904, except for the period of prohibition in the United States, said whisky so labeled has been shipped and imported into the United States from Great Britain in foreign and interstate commerce, and has been shipped and sold in the various states of the United States, including the State of California. All the whisky blended and bottled by Buchanan and sold in the United States and in California is blended and bottled in Great Britain and shipped and sold in interstate and foreign commerce.

9. Since early in 1938 plaintiff has by contract with Buchanan been the exclusive importer into the United States of the whisky blended and bottled by Buchanan and sold under the name "Black & White" and all said whisky sold in the United States is purchased by plaintiff from Buchanan in the United Kingdom and sold by plaintiff or by distributors purchasing from it either directly or from its vendees.

[fol. 6] 10. The name "Black & White" is, and has been for years, the trademark of Buchanan, used as an indication of origin of, and to identify products of Buchanan sold throughout the United States and the State of California, and it is, and during all said times has been, a famous trademark.

11. On March 24, 1908, upon an application filed November 23, 1907, Buchanan registered the words "Black & White" with the U. S. Patent Office, Registration Number

68,310; as a trademark for whisky, and prior to the expiration of said registration, and on or about December 7, 1948, said trademark was republished under Section 12c of the Trademark Act of 1946 (Act of July 5, 1946). Attached hereto; marked Exhibit 1 and made part hereof, is a true copy of said Trademark Registration No. 68,310. Said Registration No. 68,310 became incontestable under the provisions of Section 15 of said Act of July 5, 1946, on April 20, 1954.

12. On January 4, 1911, Buchanan filed a Trademark Claim consisting of the words "Black & White" with the Secretary of State of the State of California, who, upon this filing, then issued a certificate of registration covering said trademark, numbered 4137, which has ever since remained of record and in effect. Attached hereto, marked Exhibit 2 and made part hereof, is a true copy of said certificate.

[fol. 7] 13. Buchanan's "Black & White" whisky has been and is now extensively sold throughout the world including the United States. During the period from the repeal of prohibition through 1957 alone, nearly 114 million bottles of said "Black & White" whisky have been imported into and sold in the United States, of which nearly 106 million bottles have been imported and sold by plaintiff, much of which has been sold in the State of California, and additional quantities have continued to be sold and are now being sold.

14. Buchanan's "Black & White" whisky has been continuously and extensively advertised throughout the United States for many years through various media, including newspapers, periodical publications, outdoor advertisements, and signs used within retail stores. During the period from April 1, 1949 through March 31, 1957 alone more than 5 million dollars were spent advertising said alcoholic beverage, and additional sums have continued to be spent and are now being spent. Said advertisements

have identified said alcoholic beverage as "Black & White," and have prominently featured the name "Black & White."

15. For many years last past, the name "Black & White" on an alcoholic beverage has been and is synonymous with, and did and does mean, the product of Buchanan, in the mind of the public and of people in the alcoholic beverage industry.

[fol. 8] 16. By virtue of its authorized distributorship of Buchanan's whisky in the United States, plaintiff has an interest in preventing use by others of the name and trademark "Black & White" for alcoholic beverages not of the merchandise of Buchanan.

17. Defendant Maier has been and is engaged in the business of manufacturing, packaging, distributing and selling alcoholic beverages, in particular beer. Since sometime in the latter half of 1956 defendant Maier has been labeling and selling beer under the name "Black & White."

18. Defendant Ralphs has been and is engaged in the retail grocery business and has been and is purchasing from defendant Maier beer labelled "Black & White" and reselling it at retail.

19. Defendants' use of the name and label "Black & White" constitutes an infringement of Buchanan's trademark, dilutes Buchanan's trademark rights and its valuable good will and injures plaintiff, and, if continued, will tend to dissociate said trademark in the public mind from Buchanan and injure plaintiff as the authorized importer and distributor in the United States.

20. Defendants' use of the name and label "Black & White" on alcoholic beverages is likely, and its natural consequence is, to enable defendants to profit from the reputation and good will of Buchanan and of plaintiff as said distributor.

[fol. 9] 21. Defendants' use of the name and label "Black & White" on alcoholic beverages is likely, and its natural

consequence is, to deceive the public into believing that said alcoholic beverages originate with, or have some connection with, Buchanan and plaintiff as Buchanan's authorized distributor in the United States, and to lead the purchasing public into the erroneous belief that defendants' beverages are in some manner sponsored by Buchanan, or to usurp the fame and renown created by Buchanan for its product as hereinabove set forth.

22. Defendants' use of the name "Black & White" coming to the attention of plaintiff, plaintiff notified Buchanan, and on or about December 23, 1957, Buchanan gave notice by registered letter to defendant Maier, and on or about May 1, 1958 to defendant Ralphs, informing them that they were infringing Buchanan's trademark and were committing unfair competition, and demanding that defendants cease using the name "Black & White" on beer. Attached hereto, marked Exhibit 3(a) and (b), are copies of said letters. Notwithstanding said notice and request for discontinuance, defendants have declined and refused to discontinue use of said name "Black & White" and have continued to and do now sell beer under said name and label.

Wherefore, plaintiff prays:

1. For a preliminary injunction pending this suit and for a final injunction directed to the defendants, their officers, agents, servants, employees, attorneys and other persons in active concert or participation with them,

(a) enjoining and restraining said defendants and other persons, and each of them, from packaging, and from causing to be packaged, any alcoholic beverage labeled or named with the words "Black & White"; and from distributing, selling or offering for sale, and from causing to be distributed, sold, or offered for sale any alcoholic beverage labeled or named with the words "Black & White" not blended and bottled by Buchanan;

(b) commanding said defendants and other persons, and each of them, to remove from the possession of all whole-

salers, distributors and retailers all alcoholic beverages labeled or named with the words "Black & White" heretofore placed on the market by defendants or any of them, and to remove from containers so labeled any alcoholic beverages heretofore placed or caused to be placed in them by defendants or any of them.

2. For an order commanding that defendants deliver up and destroy every can, case, bottle or other container now or hereafter in the possession of defendants or either of them that bears the label or name, or labeled or named with the words "Black & White."

3. For an accounting to the plaintiff by defendants of profits from the manufacturing, bottling, canning, distributing or selling of alcoholic beverages labeled or named [fol. 11] with the words "Black & White," and for judgment for the amount of said profits and, if the amount of recovery based on profits is inadequate, for such further sum as this Court shall find to be just, according to the circumstances of the case.

4. For judgment against defendants for three times the damages sustained by plaintiff, and for plaintiff's expenses incurred in this litigation stemming from defendants' wilful conduct, including attorneys' fees, and for plaintiff's costs of suit herein incurred.

5. For such other and further relief as to this Court may seem equitable.

Moses Lasky, Brobeck, Phleger & Harrison, Attorneys for Plaintiff.

[Note: Exhibit No. 1 is set out in the Book of Exhibits as Plaintiff's Exhibit No. 8.]

[Note: Exhibit No. 2 is set out in the Book of Exhibits as page one of Plaintiff's Exhibit No. 7.]

[fol. 12]

EXHIBIT 3-a TO COMPLAINT

December 23, 1957.

**Maier Brewing Co., Inc.,
500 E. Commercial Street,
Los Angeles 12, California.**

Gentlemen:

We represent James Buchanan & Co., Ltd., who now, and for many years past, have produced and distributed Scotch whisky under the name "Black & White."

We understand that you have recently commenced packaging and distributing beer in cans under the same name, "Black & White."

This name "Black & White" has been used continuously by our client and its predecessor since January 1899. It was registered as a trademark with the United States Patent Office on March 24, 1908 by Registration No. 68,310, and with the Secretary of State of California on January 4, 1911 by Registration No. 4137.

As you will appreciate, for many years very large expenditures have been made in advertising "Black & White" whisky, it is a highly regarded brand, and our client is most sensitive about infringing uses which impair or dilute the distinctiveness of that name. We have advised that your use of this name constitutes a trademark infringement [fol. 13] and unfair competition under both federal and California law and a disregard of Section 17,500 of the California Business and Professions Code.

On behalf of our client we ask you to discontinue using the name "Black & White" and to discontinue selling or offering for sale any beer so labeled.

We shall appreciate your advising us of your intentions. Anticipating that you understand our client's position and

will recognize its justness, we are refraining for the time being from writing to Ralph's Grocery Company requesting it to discontinue handling beer under the "Black & White" name, as we would prefer not to trouble your customer if it can be avoided.

Very truly yours,

BROBECK, PHLEGER & HARRISON,

By

Moses Lasky

ML:MS

[fol. 14]

EXHIBIT 3-b TO COMPLAINT

May 1, 1958.

Ralphs Grocery Company (Inc.),
3410 West Third Street,
Los Angeles 5, California.

Gentlemen:

We represent James Buchanan & Company, Limited, who now and for many years past have produced and distributed whisky under the name "Black & White."

We understand that for some time you have been purchasing from Maier Brewing Company, Inc., sometimes known as "A.B.C. Brewing Co.," and have been reselling throughout your stores, a beer under the name "Black & White." On December 23, 1957, we wrote the following letter to Maier Brewing Company:

"We represent James Buchanan & Co., Ltd., who now, and for many years past, have produced and distributed Scotch whisky under the name 'Black & White.'

"We understand that you have recently commenced packaging and distributing beer in cans under the same name, 'Black & White.'

"This name 'Black & White' has been used continuously by our client and its predecessor since January 1899. It [fol. 15] was registered as a trademark with the United States Patent Office on March 24, 1908 by Registration No. 68,310, and with the Secretary of State of California on January 4, 1911 by Registration No. 4137.

"As you will appreciate, for many years, very large expenditures have been made in advertising 'Black & White' whisky, it is a highly regarded brand, and our client is most sensitive about infringing uses which impair or dilute the distinctiveness of that name. We have advised that your use of this name constitutes a trademark infringement and unfair competition under both federal and California law and a disregard of Section 17,500 of the California Business and Professions Code.

"On behalf of our client we ask you to discontinue using the name 'Black & White' and to discontinue selling or offering for sale any beer so labeled.

"We shall appreciate your advising us of your intentions. Anticipating that you understand our client's position and will recognize its justness, we are refraining for the time being from writing to Ralph's Grocery Company requesting it to discontinue handling beer under the 'Black & White' name, as we would prefer not to trouble your customer if it can be avoided."

[fol. 16] Maier Brewing Company has declined to discontinue selling or offering beer under the name "Black & White," and we are preparing to institute suit against Maier. Your handling of the beer under the name "Black & White" is subject to the same criticisms as Maier Brewing Company's selling beer under that name. We therefore request your assurance that you will immediately discontinue sale of Black & White beer and will not in the future sell any alcoholic beverage not of the merchandise of James Buchanan & Co. Ltd. under the trademark "Black & White."

Since we shall be instituting suit promptly and will join you as a defendant in the absence of the requested written assurance, we ask that you reply within two weeks.

Very truly yours,

BROBECK, PHLEGER & HARRISON,

By

Moses Lasky

ML:MS

[fol. 17]

IN UNITED STATES DISTRICT COURT

ANSWER AND COUNTERCLAIM—Filed August 18, 1958

Comes Now Defendants above named and for answer to the Complaint For Trademark Infringement And Unfair Competition admit, deny and allege as follows: .

I.

Answering paragraph 1 of the Complaint, defendants admit that this action is between citizens of different states, but deny that the matter in controversy exceeds the sum or value of \$3,000.00, exclusive of interest and costs. Defendants further deny that this action arises under the Acts of Congress relating to trademarks, particularly the Act of February 20, 1905, 60 Stat. 444, 15 U.S.C. 81-134, and the Act of July 5, 1946, 60 Stat. 427, 15 U.S.C. 1051-1127.

II.

Answering paragraph 2 of the Complaint, defendants are without knowledge as to the truth or falsity of the allegations therein contained and on that ground, both generally and specifically, deny the allegations thereof.

III.

Answering paragraph 3 of the Complaint, defendants admit the allegations thereof.

IV.

Answering paragraph 4 of the Complaint, defendants admit the allegations thereof.

.

[fol. 57]

IN UNITED STATES DISTRICT COURT

MEMORANDUM OPINION AND ORDER—August 28, 1961

This is a suit brought by plaintiff, The Fleischmann Distilling Corporation, hereafter called Fleischmann, and plaintiff in intervention, James Buchanan & Company Limited, hereafter called Buchanan, against defendant Maier Brewing Company, hereafter called Maier, and defendant Ralphs Grocery Company, hereafter called Ralphs. Plaintiffs seek injunctive relief and damages from defendants based upon their alleged infringement of the trademark "Black & White" which is registered under both federal and California laws and because defendants' use of the name on their beer constitutes unfair competition.

There is no basic dispute as to the facts, most of which have been admitted in the pleadings, by stipulations, by discovery or by uncontradicted testimony. Buchanan and its predecessor have blended and sold Scotch whisky under the name "Black & White" since before the turn of the century and have marketed their product in the United States for more than fifty years. Since 1938, Fleischmann has been the sole importer of Black & White, which has been registered since the first decade of the century. It is the leader among Scotch whiskies. Its sales have exceeded a million bottles during the tenure of Fleischmann and more than 500,000 cases in the six year period 1951-1957 in [fol. 58] California, more than half of which were sold in Los Angeles County where Ralphs does business.

Advertising expenditures on the part of plaintiffs during the last mentioned period exceeded five million dollars thus contributing to the fame of the name, "Black & White," which has been the subject of a history book (Plaintiff's

Ex. 9). In the alcoholic beverage industry the name "Black & White" has come to mean Scotch whisky, as testified to by Baumgarten.

Defendant Maier brews and sells beer including "private brands" which are offered under numerous names to super-markets and other customers. In June 1956, Maier commenced the use of the name "Black & White" in connection with beer sold by defendant Ralphs in Los Angeles, where it has some thirty-two outlets. The name had previously been used for beer by the St. Claire Brewing Co. of San Jose in 1935 and had been abandoned in 1938. Maier learned of such use and abandonment through Mr. Mosiman who had been a salesman for St. Claire Brewing Co. before going to work for Maier.

Defendant Maier, who had admittedly heard of plaintiffs' product when the name "Black & White" was selected as a label for beer, chose to revive the nomenclature because the two products were distinct and their use should not create confusion among the buying public. This is the background which plaintiffs ask this Court to enjoin defendants from [fol. 59] further use of the name "Black & White" on beer, which is an alcoholic beverage.

It is to be noted at the outset that plaintiffs enjoy a trademark on both the name "Black & White" and the Scottie dogs which are pictured on Scotch whisky. The words appear on the label on the front of the bottle; the dogs with the words appear on the back of the bottle. As testified to by Mr. Baumgarten, Vice-President of Fleischmann, the words are associated with the two Scottie dogs in advertising. In contrast, defendants market a beer which uses the words only and abstains from use of the dogs. Thus, to the extent defendants refrain from combining the picture of the Scotties with the use of "Black & White," they are avoiding an infringement of the combination mark. *Sunbeam Furniture Corp. v. Sunbeam Corp.*, 191 F2d 141 (9th).

The name "Black & White" has been used for many beverages including coffee, ginger ale, malt syrup, fruit

juices and grape juice which have been registered in the United States Patent Office. The mark has also been registered in California for several of these beverages as well as cocoa, tomato juice and beer. Finally, it has been used by liquor stores themselves.

Defendants contend that under the circumstances of this case, *Arrow Distilleries v. Globe Brewing Co.*, 117 F.2d 351 and *Century Distilling Co. v. Ph. Schneider Brewing Co.*, 26 F. Supp. 936 (Aff. 107 F.2d 699) are controlling and that the use of "Black & White" for beer is a proper one [fol. 60] and not subject to an injunction. They point out—and are supported by the record—that there is no evidence of confusion between plaintiffs' and defendants' products nor belief among customers that Black & White beer is manufactured by Buchanan. They observe that plaintiffs have not been damaged nor are they likely to be in the future. Under the circumstances they ask this Court to rule in accordance with the decisions in the *Arrow* and *Century* cases and deny the relief which plaintiffs seek.

Both of the cases relied upon by defendants hold that use of the same mark on beer and hard liquor is proper and does not give rise to an infringement action. In the *Arrow* case, cordials or liqueurs, which are distilled, were the opponents of beer; in the *Century* case, as in the present litigation, whisky and beer were involved. Since the court found that defendant was not attempting to palm off his beer as plaintiff's goods and was not guilty of engaging in deception of the buyer, relief was denied. In like manner, defendants have made no effort to suggest that Black & White beer is produced by Buchanan nor have they been guilty of practicing deception. In good faith they sought to acquire title to the name from St. Claire Brewing. During the past several years they have built up a limited market for their product in the Los Angeles area.

There is no real competition between plaintiffs and defendants. *Sunbeam Furniture*, supra. Nor would the labels, which are distinct, tend to deceive an ordinary buyer or [fol. 61] confuse him (*Sleeper Lounge Company v. Bell*

Manufacturing Co., 253 F.2d 720.) The very fact that there is no real competition between the products is evidence that there is unlikely to be confusion in the mind of a buyer.

While there is an apparent conflict in the decisions, there is authority for defendants' position that whisky and beer are sufficiently distinct so as to permit use of the same name on the two products. In addition to the Arrow and Century cases, *supra*, the following holdings buttress defendants: *Burger Brewing v. Maloney-Davidson Co.*, 86 F.2d 815 (beer and malt syrup); *Atlas Beverage v. Minneapolis Brewing Co.*, 113 F.2d 672 (beer and whisky); *Englander v. McKesson-Roeber-Kuebler*, 185 Atl. 817 (N.J.—gin vs. wines and cordials).

As stated above, "Black & White" are common words which have been used on many products over a long period of time. While plaintiffs' advertising has made its whisky well known, the mark has been diluted through its diverse uses over the years. The trade word has not become so descriptive of a single product that the producer of that article is entitled to full protection against a product as distinct as beer is from whisky. See *Mershon Co. v. Pachmayr*, 220 F.2d 879. The fact that there have been thirty-two registrations in the United States Patent Office and five trade mark registrations in California of the words "Black & White" cannot be ignored by the Court.

[fol. 62] Plaintiffs argue that the line must be drawn between the legitimate and the illegitimate use of the name on products which are marketed on a potentially competitive basis. They contend that this is the place to draw such a line in view of the fact that both products are alcoholic beverages. The answer to this contention is found in the test laid down by Judge Barnes of this circuit in the *Sleeper Lounge Company v. Bell Manufacturing Co.*, *supra*, at page 722, when he asked the crucial questions: "Is there any likelihood of confusion or mistake in such use? Would the ordinary purchaser, buying with ordinary caution, be misled? . . ." Since both answers must be in the negative in the light of the evidence before the Court, plaintiffs

have failed to make out a case which entitles them to the relief which they ask.¹

Plaintiffs' own witness in testifying as to the scope of the trademark "Black & White" and the use of the Scotty dogs, conceded that defendants' label was distinct and very candidly admitted that only two isolated instances occurred when his company was asked when it had started to make beer.² In sales, there was no evidence of confusion nor loss of sales of Scotch whisky.

[fol. 63] Under the facts of this case, defendants are entitled to judgment; and plaintiffs must be denied the relief they seek.

Accordingly, It Is Ordered that plaintiffs' prayer for an injunction and damages be, and the same hereby is, Denied. Defendants shall prepare findings of fact, conclusions of law and decree.

Dated: August 28, 1961.

Geo. B. Harris, U. S. District Judge.

¹ Lack of confusion on the part of the buying public distinguish the principal case from *Stork Restaurant v. Sahati* (9th, 166 F.2d 348), cited by plaintiffs.

² "Q. Now, is it your contention, Mr. Baumgarten, that a customer would be confused in buying a can of Black and White beer put out by the Maier people that he was getting a product of Buchanan's?"

A. No. The only two very isolated instances, I was asked in Southern California by people who were in the business, "When did you people start making beer?" And that is, as I said, only a couple of instances that that has happened. No, my answer is no to your question.

Q. You don't believe there would be any confusion in a customer's mind that they were buying a beer made in Great Britain?

A. I wouldn't think so, no." (pp. 9-10)

[fol. 84]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

No. 37,340

THE FLEISCHMANN DISTILLING CORP., a corporation,
Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY CO., a corporation, Defendants.

Proceedings of Trial—March 1, 1961

Before: Hon. George B. Harris, Judge.

Appearances:

For the Plaintiff: Messrs. Brobeck, Phleger & Harrison,
by Bailey Lang, Esq.

For the Defendants: Messrs. Mellin, Hanscom & Hursh,
by Oscar A. Mellin, Esq. *Pick up note and page numbers.

Wednesday, March 1, 1961—10:00 o'clock, A. M.

The Clerk: Fleischmann Brewing Company vs. Maier
Brewing Company, on trial.

Mr. Lang: Ready for the plaintiff.

Mr. Mellin: Ready for the defendants, Your Honor.

• • • • •

* Page numbers appearing at top of page of Proceedings of Trial.

[fol. 145] CHRIS WASEM called as a witness by the defendants, being first duly sworn, testified as follows:

The Clerk: Please state your name, your address and your occupation to the Court.

The Witness: Chris—C-h-r-i-s—Wasem—W-a-s-e-m, 500 East Commercial Street, Los Angeles. I am vice-president in charge of sales for Maier Brewing Company.

.

[fol. 167] Cross examination.

By Mr. Lang:

Q. Mr. Wasem, the exchange of correspondence between Mr. Chotiner and Mr. Thody which has been introduced as Defendants' Exhibits H and I makes some reference to an offer by Maier Brewing to sell its interest in the Black & White label to Mr. Molner. Was such an offer in fact made?

A. As I recall, and I think Mr. Mellin has it in his file, a copy of our termination notice to Molner, in which we included in the notice to Molner that he had the option to buy our rights to the use of Black & White for beer.

Q. Did you put a price tag on it?

A. I don't recall. I didn't handle that particular correspondence.

Mr. Lang: Do you have this letter, Mr. Mellin?

Mr. Mellin: Yes, I have it.

By Mr. Lang:

Q. We show you a copy of letter dated August 19, 1959, from Mr. Thody to Mr. Chotiner. I ask you to glance that over and see if that refreshes your recollection on the pro-[fol. 168] posal that Maier made to sell the interest they had in the Black & White label.

A. Well, it refreshes my recollection in this respect, that I have seen a copy of this, or rather, seen this copy of the letter before. I did not have any—this was not in my juris-

diction, the handling of this matter between—the Molner matter between our attorney, Thody, and so on.

Q. Mr. Thody was your attorney?

A. Oh, yes.

Q. And you have seen this letter and you know that he notified Mr. Chotiner—

A. Oh, yes.

Q. —you would sell the label for \$127,000 cash?

A. Yes, sir.

Mr. Lang: May I offer this in evidence?

(Letter dated 8/19/59, Thody to Chotiner was received in evidence as plaintiff's Exhibit 11.)

[fol. 197]

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

No. 17,696

37340—Civil

THE FLEISCHMANN DISTILLING CORP.,
a corp., etc., Appellants,

VS.

MAIER BREWING COMPANY, a corp., Appellees.

JUDGMENT FILED AND ENTERED—February 12, 1963

Appeal from the United States District Court for the Northern District of California, Southern Division.

This Cause came on to be heard on the Transcript of the Record from the United States District Court for the Northern District of California, Southern Division and was duly submitted.

On Consideration Whereof, It is now here ordered and adjudged by this Court, that the judgment of the said District Court in this Cause be, and hereby is reversed with costs in favor of the appellants and against the appellees, and the cause is remanded to the District Court with directions to enter judgment in accordance with the opinion of this Court. The question of plaintiffs' right to an accounting, not having been dealt with on the previous trial, remains for decision by the District Court.

It is further ordered and adjudged that appellants recover against appellees for their costs herein expended and have execution therefor.

A True Copy: Attest: July 15, 1963, Frank H. Schmid, Clerk.

For costs allowed see reverse side of judgment.

Filed and entered February 12, 1963.

[fol. 198]

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

NOTICE OF MOTION FOR ENTRY OF JUDGMENT—
Filed August 1, 1963

To defendants above named, and to their attorney Mur-
ray M. Chotiner, Esquire:

Please Take Notice that on Thursday, August 8, 1963,
at 10:00 A.M. or as soon thereafter as counsel can be heard,
[fol. 199] in the Courtroom of Honorable George B. Harris,
Chief Judge, United States Post Office Building, Seventh
and Mission Streets, San Francisco, California, plaintiffs
The Fleischmann Distilling Corporation and James Bu-

[File endorsement omitted]

chanan & Company Limited will move the Court for the entry of judgment in the form attached hereto.

The motion will be based upon all the pleadings, papers, files and evidence in the cause, including the certified copy of the opinion and judgment of the United States Court of Appeals on file herein, and will be made on the ground that the Court of Appeals has directed the entry of judgment in accordance with its said opinion.

∴ Dated: August 1, 1963.

Moses Lasky, Richard Haas, Brobeck, Phleger &
Harrison, Attorneys for Plaintiffs.

Certificate of Service (omitted in printing).

[fol. 200]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37,340

Before: Hon. George B. Harris.

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY Co., a corporation, Defendants.

JAMES BUCHANAN & COMPANY, LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

Reporter's Transcript—August 16, 1963

MOTION FOR ENTRY OF JUDGMENT

APPEARANCES:

For Plaintiffs:

Messrs. Brobeck, Phleger & Harrison, represented by
Moses Lasky, Esq., & Richard Haas, Esq., 111 Sutter Street,
San Francisco, Cal.

For Defendants:

Murray M. Chotiner, Esq., 600 Fox Wilshire Bldg., 202
So. Hamilton Drive, Beverley Hills, Calif.

[fol. 201]

Proceedings

The Clerk: Fleischmann Distilling Corporation versus Maier Brewing Company and others. Motion for entry of judgment.

Mr. Lasky: Ready for the plaintiff, Your Honor.

Mr. Chotiner: Ready for the defendants, Your Honor.

Mr. Lasky: If the Court please, this case is now here after proceedings in the Court of Appeals. Apparently the Appellate Court did not see eye to eye with Your Honor.

The Court: It is a far cry from eye to eye. I thought the Appellate Court departed completely from the transcript, based inference upon inference, presumption upon presumption and wrote its own facts. That is my conclusion. I say that quite respectfully, of course.

Mr. Lasky: Yes, of course.

Since I have had considerable responsibility to persuade the Court of Appeals—

The Court: You are most persuasive, my dear friend. You have been over the years.

Mr. Lasky: As pointed out in the Memorandum which we filed day before yesterday, the opinion of the Court is part of its mandate. So we are here for the entry of the judgment in accordance with what we believe the opinion was and every part of the judgment I think accords with that opinion. Counsel for the defendants has filed some [fol. 202] objections. Our own memorandum sought to respond to them.

Now, the last paragraph, I believe, of our proposed judgment was an order to show cause, simply to set a hearing date, at which time we could present to the Court the question of our right to an accounting and to a determination of the question whether we should get attorney's fees.

Counsel for the defendants has seen fit to file in his brief a discussion of the merits of that. I promised him that I would submit a complete memorandum on that subject. I have it here. I have already served it on counsel. If he

has had a chance to read it, I would like to submit it. It is fairly extensive. I had not anticipated we would reach that question this morning but I am prepared to argue it.

Now, as to the question of how much profits we get, if the Court wanted, could only be determined if, as and when an accounting has been ordered and completed. The question of how much attorney's fees would be awarded would require, first, Your Honor to decide whether we are entitled to attorney's fees. Once you decide, we would put on appropriate evidence as to how much. But that question seems not to be one that would ordinarily come on this morning unless Your Honor wanted to hear it.

The Court: I prefer to read the briefs.

Mr. Lasky: Yes. I am prepared at this moment to rest and hear what objections Counsel has, because I think our [fol. 203] judgment is in accord with the mandate.

[fol. 204] Mr. Lasky: I am going to make my comments exceedingly short because we have, really, discussed it at length in the brief.

I realize the situation, that the decision of the Court of Appeals is completely inconsistent with Your Honor's view of the case. We all realize that the mandate is controlling and Your Honor has to put yourself in that posture, and I know the Court will.

Now, Counsel has suggested that somehow on rehearing the Court of Appeals gave an opinion from which he can draw comfort. Quite the contrary. The Court of Appeals concluded its opinion by saying that since the case in this court stopped when Your Honor came to the conclusion that there was no infringement and Your Honor thereupon dismissed the case the court here had not had an opportunity to take the next step which normally occurs in one of these trials. As Your Honor knows, in a patent or trademark case the issues—you try them in sections. The first section is, has there been infringement. If you decide no, you don't take the next step. If you decide yes, then the

next step is, what relief in addition to the injunction do you grant. We never reached that next section in this case in view of Your Honor's conclusion. The Court of Appeals [fol. 205] therefore said this next section is the step that will have to be taken and it is a step that will have to be taken in the first instance by the District Court. It did not say that it was something that the District Court could decide any way it wishes. The Court will decide it upon the facts and the law, and if you are correct, you are correct, and if you are incorrect, it is subject to review.

They say, therefore, it will be remanded for further steps in accordance with this opinion and for a determination for a right to an accounting.

Counsel steps into this case for the first time, files a petition for rehearing and says there should be no accounting because the plaintiffs said before Judge Harris that it had no evidence of damage.

Well, of course, my partner, Mr. Bailey Lang, tried this case and as I see the record he said he was not going to offer any evidence that we had lost sales. But the Court of Appeals replied to that and said damage is a different question entirely under the law; you are entitled either to damages and profits, one or the other. They rejected the petition for rehearing and reaffirmed that statement. There is a difference between damage and a right to profits.

As for Counsel's statement about a new trial, he asked the Court of Appeals not to remand this case with direction to enter a judgment for plaintiffs but for a new trial and [fol. 206] the Court denied that.

So I simply submit at this time that if you read what the Court said upon its order denying rehearing, you will find it was not helpful to the plaintiffs, but quite the contrary.

There is one more thing I want to say. I have additional evidence. I have evidence upon the willfulness of the violation which in my belief will show that the defendants violated an opinion of their own counsel. That was not offered at the trial. It was not offered because it seemed

to me in talking to my partner that it would be improper to offer it. The question at that time was whether there was any infringement. Whether there was an infringement or not would not depend upon what Counsel told his client and whether the client followed his advice. But if the question of willfulness has not been put to rest by the decision of the Court of Appeals, I do have evidence upon that issue because I had correspondence and negotiations before we ever brought suit.

Let me say upon the question of right to attorney's fees and the right to an accounting—I am going to boil down into two statements what I apprehend the law is and, then, leave it to the brief to substantiate my summation.

There is no circuit where the rule has been more definitely settled than the 9th Circuit. It has been settled in good part in the Wolfe vs. National Lead case which is, of course, a case similar to this. Judge Murphy decided [fol. 207] against the claim of infringement but was reversed.

[fol. 208]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a Corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation, Defendants in Intervention.

JUDGMENT—January 21, 1964

The judgment of the United States Court of Appeals for the Ninth Circuit on the appeal of the plaintiffs heretofore taken in the above entitled cause having been transmitted to the Clerk of this Court and filed herein, and the [fol. 209] same having been brought to the attention of the Court, in compliance therewith, and in accordance with the decision* and findings therein.

* Fleischmann Distilling Corp. v. Maier Brewing Company, 314 F.2d 149.

[File endorsement omitted]

It Is Hereby Ordered, Adjudged and Decreed as follows:

1. The judgment of this Court filed herein on October 6, 1961 and entered herein on October 9, 1961 is hereby vacated.

2. Plaintiff James Buchanan & Company Limited (hereafter sometimes called "Buchanan") is the owner of the registered trademark "Black & White" for Scotch whisky, and said trademark is valid both at common law and under the applicable federal acts. Plaintiff The Fleischmann Distilling Corporation is the sole importer of "Black & White" Scotch whisky in the United States and as such has an interest in said trademark sufficient to enable it to maintain this action for its protection.

3. The use of the name "Black & White" on beer by defendants Maier Brewing Company (hereafter sometimes called "Maier") and Ralphs Grocery Company is plainly likely to cause confusion or mistake or to deceive purchasers as to the source of origin. Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name "Black & White" knowing that "Black & White" was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name "Black & White" with the long established reliability and meritoriousness of Buchanan's product. Defendants intended to adopt plaintiff Buchanan's "Black & White" name or mark for the purpose of taking advantage of the aura of [fol. 210] good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name "Black & White" upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark "Black & White" and plaintiffs' rights therein.

4. Defendants and each of them, and each of the officers, agents, servants, employees and attorneys of each of them, and all persons in active concert or participation with them or with any of them, are hereby permanently and perpetually enjoined and restrained from packaging, and from causing to be packaged, any alcoholic beverage labeled or named with the words "Black & White", and from distributing, selling or offering for sale, and from causing to be distributed, sold, or offered for sale any alcoholic beverage labeled or named with the words "Black & White" not blended and bottled by plaintiff Buchanan.

5. Defendants and each of them, and each of the officers, agents, servants, employees and attorneys of each of them, and all persons in active concert or participation with them or with any of them, are hereby commanded to remove from the possession of all wholesalers, distributors and retailers all alcoholic beverages labeled or named with the words "Black & White" heretofore placed on the market by defendants or either of them, and to remove from containers so labeled any alcoholic beverages heretofore placed or caused to be placed in them by defendants or either of them, [fol. 211] and to deliver up and destroy every can, case, bottle or other container now or hereafter in the possession of defendants or either of them that bears the label or name, or labeled or named with the words "Black & White."

6. Each of the defendants shall, within fifteen days after service of this judgment on them, file with the Court and serve upon plaintiffs a report in writing under oath setting forth in detail the manner and form in which, and the date or dates when, each of them has complied with this judgment.

7. Plaintiffs shall have and recover against defendants and each of them the costs awarded plaintiffs by the United States Court of Appeals for the Ninth Circuit in the sum of \$1,222.16, together with plaintiffs' cost in this Court up to and including the date of entry of this judgment in the sum of \$253.09, to be taxed by the Clerk.

8. Defendant Maier is entitled to no relief under and by virtue of its counterclaim herein other than the declaration of rights contained in this judgment, and defendant Maier shall have and recover nothing by virtue of such counterclaim.

9. Plaintiffs are entitled to recover from defendants a reasonable amount for attorney's fees and litigation expenses incurred in this suit in this Court, the United States Court of Appeals for the Ninth Circuit, and the United States Supreme Court, and a hearing will be held by the Court on Thursday, the 20th of February, 1964, at the hour of 10:30 a.m., to determine the amount.

[fol. 212] 10. An accounting of defendants' profits shall be had with all convenient speed. In connection with said accounting, defendants are ordered to allow plaintiffs and their representatives to inspect and make copies of any and all records, books of account, invoices, income tax returns relating to defendants' respective businesses, and documents and books showing defendants' respective sales and profits.

11. The Court reserves for further consideration the matter of appointing a Special Master, all questions pertaining to the amounts of profits, to costs hereafter accruing, and the matter of further proceedings herein.

Dated: January 21, 1964.

George B. Harris, United States District Judge.

[fol. 213]

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

VS.

MAIER BREWING COMPANY, a Corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

VS.

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation, Defendants in Intervention.

REPORT OF DEFENDANTS PURSUANT TO JUDGMENT—
Filed April 2, 1964

Come now the defendants, Maier Brewing Company, a corporation, and Ralphs Grocery Company, a corporation, and submit their report, attached hereto, as required in Paragraph 6 of the judgment of the above entitled Court rendered on January 21, 1964.

Dated: March 26, 1964.

Murray M. Chotiner, Attorney for Defendants.

[File endorsement omitted]

[fol. 214]

REPORT OF MAIER BREWING COMPANY

State of California,
County of Los Angeles, ss.

Paul Kalmanovitz being first duly sworn, deposes and says:

1. That he is the President of Maier Brewing Company, a corporation.
2. That the last shipment of beer by Maier Brewing Company under the "Black & White" label to Ralphs Grocery Company was made on April 3, 1963.
3. That after said shipment was made to Ralphs Grocery Company, Maier Brewing Company did not have on hand any alcoholic beverages labeled or named with the words "Black & White" or any cans, cases, bottles or other containers bearing the label or name "Black & White," and has not acquired, or had in its possession, any of said items since that time.

Paul Kalmanovitz

Subscribed and sworn to before me this 30th day of March, 1964.

Evelyn Wolf, Notary Public in and for the County of Los Angeles, State of California.

Evelyn Wolf, My Commission Expires September 11, 1965.

[fol. 215]

REPORT OF RALPHS GROCERY COMPANY

State of California,
County of Los Angeles, ss.

Albert Ralphs, Jr. being first duly sworn, deposes and says:

1. That he is the President of Ralphs Grocery Company, a corporation.

2. That the last shipment of beer under the "Black and White" label by Ralphs Grocery Company from its warehouse to its retail stores was on April 23, 1963.

3. That after said shipment was made, Ralphs Grocery Company did not have on hand in its warehouse any alcoholic beverages labeled or named with the words "Black and White" or any cans, cases, bottles or other containers bearing the label or name "Black and White" and has not acquired or had in its warehouse any of said items since that time.

4. That it takes approximately 10 days for the retail stores to dispose of shipments made to them.

Albert Ralphs, Jr.

Subscribed and sworn to before me this 30th day of March, 1964.

Pearl Roth, Notary Public in and for the County of Los Angeles, State of California.

Pearl Roth, My Commission Expires August 12, 1966.

[fol. 216]

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

No. 37,340

Before: Hon. George B. Harris, Judge.

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

—v.—

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY, Plaintiff in Intervention,

—v.—

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

Transcript of Proceedings on Motion for Attorney's Fees
and Costs—April 23, 1964

APPEARANCES:

For the Plaintiff:

Messrs. Brobeck, Phleger & Harrison, By: Moses Lasky,
Esq., and Richard Haas, Esq.

For the Defendants:

Murray M. Chotiner, Esq.

[fol. 217]

Morning Session

Thursday, April 23, 1964
10:00 O'Clock

The Clerk: Fleischmann Distilling Corporation versus Maier Brewing Company and so forth, motion for attorney's fees and costs.

Mr. Haas: Ready for the plaintiff, Your Honor.

Mr. Chotiner: Ready for the defendant in this matter.

The Clerk: Counsel please state your appearances as you approach the rostrum?

STATEMENT BY MR. HAAS ON BEHALF OF THE PLAINTIFFS

Mr. Haas: Richard Haas, of Brobeck, Phleger & Harrison, for the plaintiffs.

May it please Your Honor, Paragraph 9 of the Court's judgment entered on January 23 of this year determines that the plaintiffs are entitled to recover from the defendants a reasonable amount of attorney's fees and litigation expenses incurred in this case in this court, in the United States Court of Appeals and in the Supreme Court, and this is the time the court has fixed for hearing to determine that amount. I will present the matter to Your Honor in place of Mr. Lasky because Mr. Lasky will be a witness.

The facts briefly stated are these: The case came to our office in the fall of 1957, over six years before this court's judgment early this year. After studying the matter Mr. Lasky came to the conclusion that the defendants' use of the Black & White mark on beer was unlawful. He there- [fol. 218] fore on the 23rd of December, 1957, wrote a letter to the defendant Maier Brewing Company requesting discontinuance of that use on an amicable basis. That letter is attached to the complaint in this case as Exhibit 3A.

In response, Mr. Lasky received a letter from a Mr. Max Gilford of Beverly Hills, then counsel for Maier, stating that Mr. Gilford could not agree with Mr. Lasky's conclusion.

Still attempting to dispose of the matter on an amicable basis and to avoid litigation, Mr. Lasky telephoned Mr. Gilford and pointed out the extreme importance to our clients of this matter and Mr. Lasky's belief that this single label, out of a vast stable of labels then in use by the Maier Brewing Company, couldn't be very important to Maier.

Mr. Lasky pointed out that our clients did not wish to impose any untoward expense on the Maier Brewing Company and suggested that they go ahead and use up the cans that they then had on hand and then stop. Mr. Gilford then requested that Mr. Lasky furnish some legal citations. Mr. Lasky complied with a long letter which concluded as follows:

"As already noted above, the purpose of this letter is not to brief the subject, but the citations above, which can be multiplied endlessly, demonstrate that continued refusal by your client to discontinue the use of the name Black & White when the dictionary is full of words which can be [fol. 219] called upon for other names, can entail a tremendous expense to it in defending suit. Our client feels very deeply about the protection of the name Black & White, whereas it is difficult for us to believe that the name, which is one of a stable of names used by Maier and only recently adopted by it, can mean so much to it as to warrant standing suit.

"Please let us hear from you shortly. A willingness of Maier to discontinue the name without litigation will be met with a reasonable attitude to minimize any inconvenience."

To this Mr. Gilford replied that he would like to arrange a meeting in Los Angeles with his client when Mr. Lasky was there and asked Mr. Lasky to telephone. Within a week Mr. Lasky was in Los Angeles and tried on several occasions to arrange a meeting suggested by Mr. Gilford, but he was told by Mr. Gilford that Maier was unable to attend.

Mr. Gilford then telephoned Mr. Lasky and said Maier refused to discontinue their use and followed with a letter saying he was sorry about this.

We start from the proposition, then, Your Honor, that we did everything within our power to avoid this litigation while at all times explaining to Maier how seriously our clients viewed the matter.

This litigation then followed. First, there were the proceedings in this court, including pleadings, motions, discovery and trial. Next there was the appeal to the United States Court of Appeals in which Your Honor will appreciate that we were the appellant. Next were the proceedings in the Supreme Court of the United States. Finally there were the further proceedings in this court to obtain the final judgment which we believe we are entitled to and which Your Honor will recall were opposed strenuously by the other side.

In order to bring this case to that successful conclusion twelve lawyers from Brobeck, Phleger & Harrison spent nine hundred and thirty and a half hours—

The Court: How many lawyers?

Mr. Haas: Twelve lawyers, Your Honor, and we will identify who they are. Twelve lawyers spent nine hundred and thirty and one half hours. The Court judicially knows from its own files the nature of much of this work, but we will summarize it for the Court's convenience.

During the same period the New York law firm of Davis, Polk, Wardwell, Sunderland & Kiendl also worked on the case. During the litigation the plaintiffs also incurred substantial amounts of out-of-pocket expenses which, although those expenses were as a direct result of the litigation, they were not taxable as ordinary costs. The major items were the cost of printing briefs in the appellate courts, some \$1150. Your Honor will recall that unless one is a pauper [fol. 221] one must print his brief in the appellate courts and the rules do not provide for the recovery of that expense.

In addition, our clients incurred the cost of sending lawyers to Los Angeles to investigate the case, to take depositions and investigative costs. These items which we seek to recover total \$2,152.79, and we will ask that this sum be awarded plaintiffs as litigation expenses to date.

Now, with the Court's permission I would like to call Mr. Lasky as a witness.

The Court: Very well.

MOSES LASKY, called as a witness by the plaintiff, being first duly sworn, testified as follows:

The Clerk: Please state your name, your address, your office address will do, and your professional calling.

The Witness: The names is Moses Lasky. My office address is 111 Sutter Street, San Francisco, and my profession is attorney at law.

Direct examination.

By Mr. Haas:

Q. Mr. Lasky, you're a member of the firm of Brobeck, Phleger & Harrison?

A. Yes, I am.

Q. And you have been since what time?

A. I have been a partner in that firm since late 1940 or [fol. 222] early 1941. I was associated with the firm prior to that time, since the beginning of 1930.

Q. Is that when you were admitted to practice?

A. I was admitted to practice in the spring of 1930.

Q. Have you been in charge of this case for Fleischmann and for James Buchanan since its inception?

A. Yes, I have, since its inception, which was in September, 1957.

Q. Now, prior to the institution of this action did you take any steps in an attempt to avoid the bringing of the action?

A. Yes, after having made a study of the facts and having had one of my lawyers go to Los Angeles to investigate the factual situation, I wrote a letter to Maier Brewing Company and that is the letter, a copy of which I later attached to the complaint as an exhibit, requesting them to discontinue.

Q. Yes. Did you hear from a Mr. Max Gilford in response to that letter?

A. Yes, the reply was a letter from Mr. Max Gilford whose letterhead indicated he was an attorney.

Q. Yes.

Mr. Haas: Will you mark that for identification?

The Court: So ordered.

The Clerk: Petitioner's 1A for identification only.

(Letter, 12/26/57, Gilford to Brobeck, Phleger & Harrison, marked Petitioner's Exhibit 1A for identification.)

[fol. 223] By Mr. Haas:

Q. I show you what has been marked 1A for identification, Mr. Lasky, and ask you if that is the letter you received from Mr. Gilford to which you just referred?

A. Yes, this is the letter.

Mr. Haas: I offer it in evidence, Your Honor.

The Witness: I may add that the pencil notations in the upper right-hand corner were not on the letter when received, I put those on.

Mr. Haas: Yes.

The Court: May be marked in evidence.

The Clerk: Petitioner's Exhibit 1A heretofore marked for identification now in evidence.

(Thereupon Petitioner's Exhibit No. 1A for identification was received in evidence.)

By Mr. Haas:

Q. Now following the receipt of that letter, Mr. Lasky, did you communicate with Mr. Gilford?

A. Yes, I did, I communicated with him both by telephone call, long distance telephone call and by letter. At the moment I don't recall which was first. I think the telephone call was first.

Q. What did you say, Mr. Lasky, and what did he say in that telephone conversation?

A. The gist of the telephone conversation was that I said to him that the Black & White name was a matter of tremendous importance to my client and that naturally we [fol. 224] would spare no expense in protecting it; but on the other hand I couldn't believe that that name could mean anything at all to Maier Brewing Company. I do not believe I referred to Ralphs because at that time I had not yet written a letter to Ralphs. I could not believe that it could mean anything to Maier Brewing Company since they had only recently adopted it and there were so many other names they could adopt, that while we would have to spare no expense in prosecution of litigation if we had to, I could not believe that the facts would warrant them going to that expense and I wanted them, Mr. Gilford, to reconsider. He asked me if I would get him up some authorities which he would consider and I said I would do so.

Now, that's the substance of the conversation.

Q. Did you get up the authorities Mr. Gilford asked you for?

A. Yes, I did,, and I sent them to him in the form of a letter.

Q. I show you, Mr. Lasky, what purports to be a copy of a letter dated January 8, 1958, from you to Mr. Gilford and I ask you-if that is a copy of the letter you wrote Mr. Gilford respecting which you just testified?

A. Yes, this is the letter, file copy of the letter.

Q. The original, of course, went to Mr. Gilford?

A. The original went to Mr. Gilford.

Mr. Haas: I offer it in evidence, Your Honor.

[fol. 225] Mr. Chotiner: To which we object, if the Court please, first on the grounds that it is self-serving, not binding on our clients in this matter, and not the best evidence.

Your Honor will note it merely states the legal and factual positions of the plaintiffs in this case, merely a recitation of their position and certainly not binding on us and (would be self-serving.

Mr. Haas: I don't offer it, Your Honor, to prove—

The Court: It probably is offered, no doubt it is offered on the basis of demonstrating or attempting to demonstrate that every avenue was exhausted by plaintiffs' counsel in an attempt to avoid litigation.

Mr. Haas: That is the purpose of the offer, Your Honor.

The Court: Be admitted for that purpose.

The Clerk: Petitioner's Exhibit No. 2A in evidence for the purpose stated.

(Letter, 1/8/58, Brobeck to Gilford, was received in evidence as Petitioner's Exhibit No. 2A.)

By Mr. Haas:

Q. Then, Mr. Lasky, did you receive a letter from Mr. Gilford acknowledging receipt of your letter of January 8 and asking to arrange a meeting when you come to Los Angeles to discuss the matter with his client?

A. Yes, I did.

[fol. 226] Q. I show you what purports to be a letter dated January 16, 1958, from Mr. Gilford to yourself and I ask you whether that is the letter?

A. Yes, this is the letter.

Mr. Haas: I offer it in evidence, Your Honor.

The Court: May be marked.

The Clerk: Petitioner's Exhibit 3A in evidence.

(Letter, 1/16/58, Gilford to Lasky, was received in evidence as Petitioner's Exhibit No. 3A.)

By Mr. Haas:

Q. Were you subsequently in Los Angeles, Mr. Lasky, and contacted Mr. Gilford looking to the meeting there suggested?

A. I was in Los Angeles shortly afterwards and my recollection is that I telephoned Mr. Gilford about three times stating I was there and was ready and prepared to meet with him and his client as he had suggested.

Q. What did he tell you?

A. On each occasion he said Mr. Maier was not available and on the last occasion he said there was no point pursuing the matter, Mr. Maier was not available.

Q. Now subsequently did you hear from Mr. Gilford that Maier would not discontinue the use of the Black & White label?

A. Yes.

Q. Did he telephone you to that effect?

[fol: 227] A. My recollection is that he telephoned me and said that and I said to him in that conversation that I wanted a letter in my file before I started suit for the purpose of showing that I had done everything to exhaust an attempt to clean the matter up without litigation and he said he would send me a letter.

Q. I show you a letter dated February 3, 1958, from Mr. Gilford saying:

"Dear Mr. Lasky:

"I am sorry to say that my client is not interested in desisting in the use of the label 'Black & White' in the sale of beer."

Is that the letter?

A. Yes, this is the letter.

Mr. Haas: I offer it in evidence, Your Honor.

The Court: May be marked.

The Clerk: Petitioner's Exhibit 4A in evidence.

(Letter, 2/3/58; Gilford to Brobeck—, was received in evidence as Petitioner's Exhibit No. 4A.)

By Mr. Haas:

Q. You then wrote a letter to Ralphs, did you not, Mr. Lasky, asking them to discontinue the use of Black & White on beer?

A. Yes, I did. My original letter to Maier Brewing Company, I believe it said that I didn't want to disturb their [fol. 228] customer and would not write the customer until the opportunity of solving the matter amicably had proved abortive, and then I wrote a letter to Ralphs and my recollection is that a copy of it is attached to the complaint in this case.

Mr. Haas: That is correct, Your Honor, a copy of the letter to Ralphs is Exhibit 3B to the complaint and its receipt is admitted by the pleadings.

Q. Now, are you familiar, Mr. Lasky, with the work which was done by Messrs. Brobeck, Phleger & Harrison in the course of this litigation and the persons who performed the work?

A. Oh, yes, yes, I am, because I performed much of it myself and superintended the rest of it and was in intimate contact with it.

I may say that I personally prepared the complaint to start the case.

Mr. Haas: I thought we might save a little time, Your Honor, I have prepared a summary; rather than have extensive testimony I could show Mr. Lasky the summary which contains the work, summarization of the work done and the counsel who performed it. It might save a little time that way.

Q. First let me show you, Mr. Lasky, a document entitled "Time Spent by Messrs. Brobeck, Phleger & Harrison, October 7, 1957 to January 22, 1964."

On the left-hand side are listed a group of names.

First, can you tell me whether the persons there referred [fol. 229] to are either members of the firm of Brobeck, Phleger & Harrison or attorneys associated with that firm?

A. The names listed in the left-hand column are the names of people, some of whom are presently members of the firm, others of whom are presently associates of the firm and others who were in past years associates of the firm but are not now.

Q. Yes. Are those the gentlemen who worked on this case while they were with Brobeck, Phleger & Harrison?

A. This is the complete list of names of attorneys from first to last, beginning in the fall of 1957 who devoted time to this case.

Q. You will note that after each name a year appears. For example, in the case of Moses Lasky the year 1930. Are those the years that those gentlemen were admitted to practice?

A. Those are the years of admission to the Bar of California, that is right.

Q. And then after the names are set forth numerals. Can you tell me whether those are the hours spent by the persons (opposite the numeral appears in) working in this case?

Mr. Chotiner: That is objected to on the ground it calls for a conclusion on the part of the witness and is hearsay, no proper foundation has been laid for the purpose of introducing that portion into evidence as to the number of hours spent by each individual listed on the sheet of paper.

The Court: Overruled.

[fol. 230] The Witness: Yes, there are three columns here, four columns, the fourth being the total column. One column is the time spent in the case up to the filing of the notice of appeal. The next column is the time spent in the Court of Appeals for the Ninth Circuit and in the Supreme Court, and the third column is the time spent after the remand to this court and to the date of the entry of the court's judgment.

Mr. Haas: I offer the document in evidence, Your Honor.

[fol. 231] The Clerk: Petitioner's Exhibit 6A in evidence.

("Summary" of Work Done by Messrs. Brobeck, Phleger & Harrison" was received in evidence as Petitioner's Exhibit No. 6A.)

[fol. 232]

By Mr. Haas:

Q. Do you know, Mr. Lasky, whether attorneys from the New York firm of Davis, Polk, Wardwell, Sunderland & Kiendl actually worked on this case?

Mr. Chotiner: That is objected to as obviously calling for a conclusion on the part of the witness, unless he knows of his own personal knowledge and saw them doing it.

The Witness: I do know.

The Court: Overruled. The witness testified he had spent time in New York, that he worked with the members of this firm for this special work that was being done.

The Witness: Yes, I do know of my own personal knowledge.

By Mr. Haas:

Q. Would you tell us what your knowledge is on that subject, sir?

A. Yes, in the first place, I happened to—the case came to me, this whole matter came to me when I was in the office of Mr. William C. Cannon. Mr. Cannon is one of the senior and distinguished partners in the Davis-Polk firm. I had handled another case for them involving Haig & Haig pinch bottle; someone was using the pinch bottle, and Mr. Cannon asked me if I would look into this. That was in September of 1957. I was in communication with Mr. Cannon and I was in communication with a young man in his office whose name presently escapes me.

Thereafter, I was in correspondence with that office. [fol. 233] We had to be in touch with them, of course, to obtain information in order to answer interrogatories, in touch with both the Davis-Polk firm and the United States counsel for these English whisky interests, and I communicated for information that we needed through them and received answers from them. I know personally and of my own knowledge that after the appeal was taken and I again took over the personal charge of this case and

did all the appeal work myself, with the clerical assistance and research of younger men, that I was constantly on the telephone with Mr. Porter Chandler. Now, Mr. Porter Chandler is a trial attorney and one of the senior partners and a distinguished member of that firm and of the New York Bar.

I was in New York on several occasions. They were much concerned about this. I have personally spent—I remember spending a whole weekend, I remember distinctly that Wall Street was, no one was there over Saturday and Sunday, with Mr. Chandler and with a younger member of the office by the name of Mr. Philip Potter, whom I saw on other occasions.

I have discussed and worked with this matter with Mr. Ralph Carson, who was one of the senior partners of that firm. I have talked about it with Mr. Spofford, who is a partner of that firm, and I spent another day or so in that office during the appeal. It was Mr. Potter and he was assisted by a younger man. In connection with the preparing the brief in opposition to the petition for writ of [fol. 234] certiorari I was in New York and spent time with them.

I exchanged drafts of my brief in the Court of Appeals, went over the briefs with them and received suggestions from them. So that I know personally that all the people whose names I have mentioned did some work on it. I am unable to say of my own knowledge how many hours of time they put in on it or how when I wasn't there, but I know they did work and they sent me material and considered my material.

• • • • •

[fol. 235]

Afternoon Session

Thursday, April 23, 1964
2:15 o'clock P.M.

Mr. Chotiner: Mr. Mellin.

OSCAR A. MELLIN, called as a witness by the defendants, being first duly sworn, testified as follows:

The Clerk: Please state your name, your office address and professional calling to the Court.

The Witness: Oscar A. Mellin, 111 Sutter Street, San Francisco, attorney at law and patent attorney.

Direct examination.

By Mr. Chotiner:

[fol. 236] Mr. Chotiner:

Q. Mr. Mellin, did you give any advice to the Maier Brewing Company on the subject of their right to use the name Black & White before the litigation was commenced?

A. I did, but I think it was through the firm of Hill, Farrer & Burrill in Los Angeles; I don't think it was direct.

Q. And the firm of Hill, Farrer & Burrill in Los Angeles represented the Maier Brewing Company in Los Angeles at the time, to your knowledge?

[fol. 237] A. They were representing them in some matter at the time, as I recollect, because I know Maier Brewing Company was not a regular client of ours and this was referred by them to us.

Q. And what was your opinion on that subject?

A. My opinion was that the defense should succeed in the event of litigation, and they were so advised.

Q. Do you have an opinion as to the amount of time that would be reasonably necessary or required to answer a petition for rehearing in the Circuit Court of Appeals in this matter?

A. We probably would spend one day.

Q. And what, in your opinion, would be the reasonable and necessary amount of time required to answer a petition for certiorari to the United States Supreme Court?

A. Well, I happened to know that because we have filed three or four of them. About five days.

Mr. Chotiner: You may cross-examine.

Cross examination.

By Mr. Haas:

[fol. 238] Q. I understand. Now, when did you give advice to the Maier Brewing Company of your opinion that they should succeed in this action?

A. I don't know. I wrote a letter to Hill, Farrer & Burrill and I think the counsel has that letter.

Q. Was it before or after this action was instituted?

A. Well, it seems to me—my recollection is that it was [fol. 239] after they had been charged with infringement and I am not dead certain that it was before the action was instituted, but there was correspondence, I couldn't find it in mine, we sent somebody a copy of that letter, it was to Hill, Farrer & Burrill and that would give the date. I have no recollection of it except I know I spent, there was some little time in there that I couldn't get at it and there didn't seem to be any hurry, so it must have been before the action was commenced.

Q. That's your best recollection?

A. That is my recollection, but I can't be certain of that.

Q. Do you know a lawyer in Los Angeles by the name of Max Gilford?

A. No, I never heard of it.

Q. You never communicated with him at all?

A. No. The first time I heard his name was here this morning.

Q. Your advice to the Maier Brewing Company was that they should win this action?

A. That is correct.

[fol. 240] Q. Were you discharged by the defendants as their counsel in this case?

A. Yes. When you say "discharged" I suppose that is the right way to put it.

Q. I am sorry, may I have the witness' answer, please?

The Witness: I would say if you want to say "discharged," I no longer had anything to do with the case after the Court of Appeals decision came down.

By Mr. Hass:

Q. That was the determination of your client, you didn't voluntarily withdraw.

Mr. Chotiner: Just a moment, I am going to object—

The Court: My recollection in the practice of law is that when you won you were a national hero, if you lost you were a bum.

The Witness: I think this is the case.

The Court: Is that a fair appraisal?

The Witness: That's a completely fair appraisal.

By Mr. Hass:

Q. And you spent no time whatever on the Supreme Court matter?

A. Absolutely not except—no, I would say absolutely none. I was going to say that I wrote a letter saying I didn't think there was too much—I didn't have too good an opinion of the chances in the Supreme Court, let us say that.

[fol. 241] Mr. Chotiner: Mr. Kalmanovitz.

PAUL KALMANOVITZ, called as a witness by the defendants, being first duly sworn, testified as follows:

The Clerk: Please state your name, your office address and your professional calling.

The Witness: Paul Kalmanovitz, K-a-l-m-a-n-o-v-i-t-z, 500 East Commercial, L.A. 12, President of Maier Brewing Company.

Direct examination.

By Mr. Chotiner:

Q. Mr. Kalmanovitz, approximately how long have you been identified with the Maier Brewing Company?

A. Fourteen years.

Q. In what capacity, sir?

A. Vice-President and President.

Q. How long have you been President?

A. Eight years.

Q. Did you ever receive any advice from any lawyer before the litigation in this matter was commenced by the filing of the complaint that you are not permitted under the law to use the name Black & White on beer manufactured by the Maier Brewing Company?

A. From three.

Mr. Chotiner: Would you read the question to him, Mr. [fol. 242] Reporter?

(Record read.)

The Witness: No.

By Mr. Chotiner:

Q. Did you ever receive any advice from any lawyer that in his opinion you were permitted to use the name Black &

White on beer manufactured by Maier Brewing Company?

A. I did.

Q. From whom did you receive that advice?

A. Max Gilford, from Mr.—Hill, Farrer & Burrill, I don't remember the gentleman's name, and also a letter indirectly from Mr. Mellin to Hill, Farrer & Burrill.

Q. At the time that you contested the complaint in this matter, did you believe that you had a right to use the name of Black & White on beer manufactured by your company?

A. Positively.

Q. Directing your attention to the label L&M as used on beer, do you know who owns that name?

A. I do.

Q. Who?

A. Boron Brothers, Thrifty Drug Store.

Q. Do you know whether or not L&M is used on whisky by Thrifty Drug Stores?

A. That is correct.

Q. Does Maier Brewing Company manufacture the beer [fol. 243] for Thrifty Drug Stores under the name of L&M?

A. We do.

[fol. 244] Mr. Lasky: Your Honor will observe the evidence today that my correspondence with Mr. Gilford he sought to have his client speak to me, no such meeting occurred, wrote me a letter saying he was sorry, his client was not going to discontinue, for what that is worth.

The Court: For the record you did everything that a lawyer could do under the circumstances to bring about some accord, some agreement or some reasonable viewpoint, I wouldn't quarrel with that at all.

[fol. 245]

[Stamp—Brobeck Form No. 37340—Filed Apr 22 1964—
James P. Welsh, Clerk, By H. F. Mager, Deputy Clerk]

IN UNITED STATES DISTRICT COURT

PETITIONERS' EXHIBIT 1A

LAW OFFICES

MAX M. GILFORD
444 NORTH CAMDEN DRIVE
BEVERLY HILLS, CALIFORNIA

CABLE ADDRESS
"GILMAX"

BRADSHAW 2-6531
CRESTVIEW 5-4548

December 26, 1957

Brobeck, Phleger & Harrison
Attorneys at Law
111 Sutter Street
San Francisco 4, Calif.

Attention: Moses Lasky

Re: "Black & White"—Maier Brewing Co.

Dear Mr. Lasky,

I represent Maier Brewing Co., and your letter of December 23, 1957 has been passed to me for attention.

The name "Black & White" which my client is using in connection with Beer, does not, constitute an infringement, in my opinion, of your trademark used in connection with Whiskey.

If you will check the records you will find the name "Black & White" used with Beer has been used in this state for many years by others. We have been using it and now own the right as the previous user of the name abandoned its use.

You are presenting an argument that would prohibit the use of the name by someone selling a soft drink, such as "Black & White Soda." I can't seem to agree with your contention.

Any threat to any of our customers causing us to suffer damages and loss of sales will naturally result in retaliatory action on our part.

Yours very truly,

/s/ MAX M. GILFORD
Max M. Gilford

MG/sg

[fol. 246]

[Stamp—Brobeck Form No. 37340—Filed Apr 22 1964—
James P. Welsh, Clerk, By H. F. Mager, Deputy Clerk]

IN UNITED STATES DISTRICT COURT

PETITIONERS' EXHIBIT 2A

January 8, 1958.

Max M. Gilford, Esq.,
Attorney at Law,
444 North Camden Drive,
Beverly Hills, California.

Re: Black & White—Maier
Brewing Co.

Dear Mr. Gilford:

In our telephone conversation of January 6th, following your letter to me of December 26, 1957, you asked me for citations of pertinent authorities. What follows is no attempt to brief the subject but, I hope, will be helpful to you in advising your client.

The name "Black & White" is one of the honored and respected names in the liquor industry as a designation for our client's alcoholic beverage. What is involved are both trademark rights and rights under the law of unfair

competition. Your letter noted that Black & White was once registered in California for a make of beer. But that fact is not relevant. You doubtless refer to the fact that the old St. Claire Brewing Co. of San Jose registered the name in [fol. 247] 1934. This was shortly after the repeal of Prohibition and before the tremendous resurgence of the business of importing and selling Scotch whisky—interrupted by National Prohibition—had reached its post-prohibition stride. St. Claire was a minor brewing company, which lost its right to exist as a corporation in 1943, 15 years ago, and before that time had discontinued business. Probably no one in Southern California ever heard of St. Claire's beer. Doubtless no one even in Northern California remembers it.

Obviously, a California trademark registration could not derogate from the superior trademark rights of our client under federal registration. And as a matter of the law of unfair competition, the slight, ancient, and long discontinued use of the name by St. Claire cannot alter the fact that what Black & White means to the public is our client's alcoholic beverage. After St. Claire's demise and since 1949 alone, over \$5,000,000 has been spent in advertising Black & White whisky.

In *National Lead Company v. Wolfe*, 223 F. 2d 195 at p. 204, where a judgment in favor of a defendant was reversed with instructions to enter an injunction against the [fol. 248] use of the name "Dutch", defendants urged that there had been other uses of the word "Dutch", and the court commented that these uses were

"discontinued many years ago, some were used but to a limited extent and in single communities or limited localities * * *".

It held that as a matter of law such other uses were

"too inconsequential to establish a claim of *publici juris* or the claim that appellant's mark has become a weak

mark or to justify on any other theory the acts of these appellees. It may be that some of these third persons may also have been guilty of wrongful infringement, but such would not be a defense or justification for the appellees. It is no excuse for them to say that others have been guilty of the same wrong."

The fact that our client uses the name on whisky and yours on beer is no defense. For example, in *Four Roses Products Co. v. Small Grain Distilling & Drug Co.*, 29 F. 2d 959 (D.C. Cir.) the Court of Appeals for the District of Columbia affirmed a refusal by the patent office to register "Four Roses" for malt syrup in view of the prior registration of the same trademark for whisky. In *Ex Parte American Wine Company*, 90 U.S.P.Q. 15, the Commissioner of Patents refused to register the mark "Early American" for wine because of the prior registration of the mark for whisky.

[fol. 249] In *MacSweeney Enterprises v. Tarantino*, 106 C.A. 2d 504, the plaintiff, who operated "Tarantino's", a well-known San Francisco restaurant, obtained an injunction against the defendants, all members of a Tarantino family, using the name "Tarantino's" on a cocktail sauce. In *Eskimo Kooler Corp. v. Eskimo Pie Corporation*, 235 F. 2d 3 (7 Cir.), the makers of Eskimo Pie, an ice cream confection, were awarded an injunction against use of the name "Eskimo Kooler" by defendants on refrigerated cabinets.

In *Fancee Free Mfg. Co. v. Fancy Free Fashions*, 148 F. Supp. 825, the makers of intimate undergarments for women under the name "Fancee Free" were awarded an injunction against the use of the name "Fancy Free" by defendants on outer garments. The court said (p. 829):

"Though not in competition with each other, these items of feminine apparel are sufficiently related for there to be such a likelihood of confusion as to entitle plaintiff to protection of its trademark."

In *Pure Food v. Minute Made Corporation*, 214 F. 2d 792, the makers of frozen juice concentrates under the name "Minute Maid" were awarded an injunction against defendant's use of the name "Minute Made" on frozen meats. The court remarked that while plaintiff's registered trademark was on frozen juices, the remedies of an owner of a registered trademark "extend to any goods on which the use of an infringing mark is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods."

In *Del Monte Special Food Co. v. California Packing Corporation*, 34 F. 2d 774 (9 Cir.), California Packing Corporation, which had long used the trademark "Del Monte" on its various canned foods, was awarded an injunction against use by the defendant of the name Del Monte on oleomargarine, despite the fact that plaintiff had never used it on oleomargarine and that the name had been used by a variety of other people.

In *Stork Restaurant v. Sahati*, 166 F. 2d 348 (9 Cir.), the famous restaurant and, night club in New York City called the "Stork Club", obtained an injunction against a small bar in San Francisco using the same name. The court remarked (pp. 358-359):

"During the oral argument, it was suggested that any one driving by an unpretentious night club displaying the sign 'Stork Club' in or near San Francisco, would hardly assume that the place was in any way [fol. 251] affiliated with the celebrated New York establishment. It may be true that a prudent and worldly-wise passerby would not be so deceived. The law, however, protects not only the intelligent, the experienced, and the astute. It safeguards from deception also the ignorant, the inexperienced, and the gullible."

In *Academy of Motion Pictures v. Benson*, 15 Cal. 2d 685, the plaintiff, a nonprofit corporation not engaged in

business at all, was held to state a cause of action against the defendant's operating a dramatic and coaching school under the name "The Hollywood Motion Picture Academy". The court noted that the law did not require "that the parties be in competitive business" and that it was enough that there was a likelihood of confusion.

The trend of the law is also shown by a recent decision of the United States District Court in San Francisco not yet reported—*HMH Publishing Co., Inc. v. Hale*, No. 35771, copy of which is enclosed.

We have put the question to a variety of people, whom they would suppose was the producer of a beer under the name "Black & White", and we have received the reply they would assume it was made by the makers of the famous Black & White Scotch Whisky.

[fol. 252] As already noted above, the purpose of this letter is not to brief the subject. But the citations above, which can be multiplied endlessly, demonstrate that continued refusal by your client to discontinue the use of the name "Black & White", when the dictionary is full of words which can be called upon for other names, can entail a tremendous expense to it in defending suit. Our client feels very deeply about the protection of the name "Black & White", whereas it is difficult for us to believe that the name, which is one of a stable of names used by Maier and only recently adopted by it, can mean so much to it as to warrant standing suit.

Please let us hear from you shortly. A willingness of Maier to discontinue the name without litigation will be met with a reasonable attitude to minimize any inconvenience.

Very truly yours,

BROBECK, PHLEGER & HARRISON

By Moses Lasky.

ML:MS

Enc.

[fol. 253]

[Stamp—Brobeck Form No. 37340—Filed Apr 22 1964—
James P. Welsh, Clerk, By H. F. Mager, Deputy Clerk]

IN UNITED STATES DISTRICT COURT

PETITIONERS' EXHIBIT 3A

LAW OFFICES

MAX M. GILFORD
9059 SUNSET BOULEVARD
HOLLYWOOD 46, CALIFORNIA

CABLE ADDRESS

"GILMAX"

BRADSHAW 2-1912

CRESTVIEW 4-8737

January 16, 1958

Mr. Moses Lasky
Attorney at Law
111 Sutter Street
San Francisco 4, Calif.

In Re: Black and White—Maier Brewing Co.

Dear Mr. Lasky:

I have your letter of January 8th for which I thank you and contents noted. I would like to arrange a meeting when you come to Los Angeles with my client, so please phone me for that purpose. Please note my new address above.

Yours very truly,

/s/ MAX M. GILFORD
Max M. Gilford


MMG:s

60

[fol. 254]

IN UNITED STATES DISTRICT COURT

PETITIONERS' EXHIBIT 5A

(See opposite) 

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PAGE

Brobeck Turner
THE FLEISCHMANN DISTILLING CORPORATION, et al. vs. MAIER BREWING COMPANY, et al.

No. 37340

Time Spent by Messrs. Brobeck, Phleger & Harrison
 October 7, 1957 to January 22, 1964

Return
 Filed Exhibit No. 5A
FOR 221964

James P. Welsh, Clerk

By H. F. Magee
 Deputy Clerk

	Up to Notice of Appeal (10/7/57-11/1/61)	Court of Appeals and Supreme Court (11/1/61-6/24/63)	After Remand to Date of Judgment in Trial Court (6/24/63-1/22/64)	Total
Moses Lasky (1930)	40-1/2	147-1/4	30-1/4	218
Bailey Lang (1943)	269-1/2	31-1/2	-	301
Richard Haas (1951)	19-1/4	1/2	67	86-3/4
Donald D. Connors (1953)	15	-	-	15
Robert S. Daggett (1955)	11-3/4	1/4	-	12
James K. Parker (1956)	143-1/4	-	-	143-1/4
Lane P. Brennan (1957)	11	-	-	11
Peter L. Mezey (1959)	8-1/2	-	-	8-1/2
Edwin J. Elderkin (1960)	35-3/4	-	-	35-3/4
Jeremy T. Harrison (1960)	23	-	-	23
J. Ernest Hartz, Jr. (1961)	-	69-3/4	-	69-3/4
Melvin R. Goldman (1961)	-	-	6-1/2	6-1/2
				<u>930-1/2</u>

[fol. 255]

[Stamp—Brobeck Form No. 37340—Filed Apr 22 1964—
James P. Welsh, Clerk, By H. F. Mager, Deputy Clerk]

IN UNITED STATES DISTRICT COURT

PETITIONERS' EXHIBIT 6A

THE FLEISCHMANN DISTILLING COMPANY et al.,

vs.

MAIER BREWING COMPANY, et al.

Summary of Work Done
by Messrs. Brobeck, Phleger & Harrison

Preliminary investigation of the case.

Preparation and sending letters to defendants requesting voluntary discontinuance.

Preparation and filing of complaint.

Opposition to defendants' motion to dismiss, including memorandum and oral argument. Motion denied.

Opposition to defendants' motion to require separate statement, including memorandum and oral argument. Motion denied.

Taking depositions of Albert George Ralphs, Jr., Paul Kalmanovitz, Charles H. Mossiman and Duke Molner.

Preparation and filing of reply to defendants' counterclaim.

Preparation and filing of answers to various interrogatories propounded by defendants to plaintiff Fleischmann.

Preparation and filing of objections to certain interrogatories propounded by defendants to plaintiff Fleischmann, [fol. 256] with supporting memorandum, and oral argument. Objections sustained.

Production of documents pursuant to defendants' motion under R.C.P. Rule 34.

Preparation and filing of complaint in intervention, pursuant to motion for leave to file presented orally.

Preparation and filing of interrogatories to defendant Ralphs.

Preparation and filing of interrogatories and supplemental interrogatories to defendant Maier.

Preparation and filing of answers to interrogatories propounded by defendants to plaintiff Buchanan.

Preparation and filing of answers to supplementary interrogatories propounded by defendants to plaintiff Fleischmann.

Preparation and filing of stipulation re certain facts.

Preparation for and trial of the action.

Preparation and filing of plaintiffs' opening brief in the trial court.

Preparation and filing of plaintiffs' reply brief in the trial court.

[fol. 257] Preparation and filing of motion to reopen case for further evidence, with supporting memorandum and affidavit.

Preparation and filing of suggested amendments to the findings and conclusions proposed by defendants.

Preparation and filing of notice of appeal and designation of the record on appeal; and perfecting the appeal.

Preparation and filing in the Court of Appeals of the designation of record and statement of points.

Preparation and filing in the Court of Appeals of appellants' opening brief.

Preparation and filing in the Court of Appeals of appellants' reply brief.

Preparation for and oral argument in the Court of Appeals.

Preparation and filing of cost bill in the Court of Appeals.

Preparation and filing in the Supreme Court of brief for respondents in opposition to petition for certiorari.

Preparation and lodging form of judgment in the trial proposed by plaintiffs, with notice of motion for its entry and supporting memorandum.

[fol. 258] Preparation and filing of opening and reply memoranda respecting the award of attorneys' fees, litigation expenses and an accounting, and oral argument of these questions.

Legal research necessary to each of the foregoing items.
Interviewing witnesses.

[fol. 259]

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Intervention.

ORDER ALLOWING ATTORNEY FEES AND COSTS—
April 30, 1964

The motion of plaintiffs coming on regularly to be heard
on the 23rd day of April, 1964, at the hour of 10 o'clock

[File endorsement omitted]

a.m. pursuant to the provisions of the judgment herein made and entered on January 21, 1964 and the Court having heard testimony in support thereof, the matter having been argued and submitted both orally and in writing, and the parties herein being represented by Brobeck, Phleger [fol. 260] & Harrison by Richard Haas and Moses Lasky for plaintiffs and Murray M. Chotiner, Esq for defendants; and the Court being fully advised;

Now, Therefore, It Is Hereby Ordered that the plaintiffs have and recover of and from the defendants attorney fees in the total amount of \$60,000;

It Is Further Ordered that the plaintiffs do have and recover of and from the defendants costs herein and in the prosecution of the above entitled cause in the amount of \$1222.16 as awarded plaintiffs by the United States Court of Appeals for the Ninth Circuit and the amount of \$253.09 additional as taxed by the clerk of the court;

It Is Hereby Further Ordered that the plaintiffs do have and recover from the defendants such additional and further costs as may have been legally expended herein by plaintiffs upon filing a duly verified cost bill to be taxed by the clerk of the court.

Dated: April 30, 1964.

George B. Harris, United States District Judge:

[fol. 261]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

APPLICATION FOR TAXATION OF COSTS AND COST BILL—
Filed May 5, 1964

The Court, by its order of April 30, 1964, having determined that plaintiffs shall have and recover, in addition to the amount of \$1,222.16 awarded them by the United States [fol. 262] Court of Appeals for the Ninth Circuit and the additional amount of \$253.09 heretofore taxed by the Clerk of this Court, such additional and further costs as may have been legally expended herein by them upon filing a duly

[File endorsement omitted]

verified cost bill to be taxed by the Clerk of this Court, plaintiffs hereby itemize such additional and further costs as follows and apply for their taxation:

Printing

Opening Brief, United States Court of Appeals	\$ 826.33
Reply Brief, United States Court of Appeals	201.40
Brief in Opposition, United States Supreme Court	120.48

Traveling

James K. Parker, Esq., to Los Angeles 10/23/57-11/1/57, to visit Ralphs markets and investigate case	82.19
Bailey Lang, Esq., to Los Angeles 8/5/58-8/6/58, to take depositions of president of defendant Ralphs and president of defendant Maier	85.34
Bailey Lang, Esq., to Los Angeles 9/15/59 to interview Duke Molner	66.69
Bailey Lang, Esq., to Los Angeles 9/30/59-10/1/59, to interview and obtain statement from Duke Molner	88.59
Bailey Lang, Esq., to Los Angeles 10/12/59-10/13/59, to take deposition of Duke Molner	83.69
Moses Lasky, Esq. portion of expenses to New York 7/30/62-8/4/62 to discuss case with Messrs. Davis Polk Wardwell Sunderland & Kiendl	31.55

[fol. 263] Investigation

To Allen's Press Clipping Bureau to search Ralphs advertising	\$ 84.75
To Stern Investigation Agency to visit Ralphs Grocery Stores in Los Angeles to ascertain whether "Black & White" beer was being exposed for sale	253.40
Long Distance Telephone and Telegraph	192.14
Other	
Transcript of hearing on motion for entry of judgment, August 16, 1963	30.00
Facsimile of trademark and certificate of trademark624
Total	\$2,152.79

[Stamp—No appearance—Costs taxed at \$2,152.79—May
8 1964—11:10 A.M.—James P. Welsh, Clerk—By Harry R.
Oliver—Deputy Clerk]

State of California,
City and County of San Francisco, ss.:

I, Richard Haas, do hereby swear that the foregoing
costs are correct and were necessarily incurred in this
action and that the services for which fees have been
charged were actually and necessarily performed. A copy
hereof was this day mailed to counsel for defendants with
postage fully prepaid thereon.

Please take notice that I will appear before the Clerk to
tax said costs on Friday, the 8th day of May, 1964 at
9:30 A.M.

Dated: May 5, 1964.

Richard Haas, an attorney for plaintiffs. :

Subscribed and sworn to this 5th day of May, 1964.

Maude W. Nash, Notary Public in and for the City and
County of San Francisco, State of California. My Com-
mission expires October 14, 1966.

[fol. 264]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

SUBSTITUTION OF ATTORNEYS—Filed May 19, 1964

Defendants Maier Brewing Company, a corporation, and
Ralphs Grocery Company, a corporation, hereby substitute
J. Albert Hutchinson as their attorney of record in place
of Murray M. Chotiner.

Dated: May 15, 1964.

Maier Brewing Company, By (Signature illegible)
[fol. 265] Ralphs Grocery Company, By (Signature
illegible)

I consent to the above substitution.

Dated: May 17, 1964.

Murray M. Chotiner

Above substitution accepted.

Dated: May 18, 1964.

J. Albert Hutchinson

Acknowledgment of Service (omitted in printing).

[File endorsement omitted]

[fol. 266]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

NOTICE OF APPEAL—Filed May 21, 1964

To the Clerk of the Above-Entitled Court:

To the Plaintiffs Above Named and to Moses Lasky, Es-
quire and Richard Haas, Esquire of Bröbeck, Phleger &
Harrison, their Attorneys:

You and Each of You Will Please Take Notice that de-
fendants intend to, and they do hereby, appeal to the
United States Court of Appeals for the Ninth Circuit,

[File endorsement omitted]

[fol. 267] from that certain order allowing attorney fees and costs in the above-entitled proceeding, in favor of plaintiffs against defendants, and made and entered in the above-entitled Court the 30th day of April, 1964, and from each and the whole thereof.

Dated this 20th day of May, 1964.

J. Albert Hutchinson, Attorney for Defendants.

[fol. 268]

IN UNITED STATES DISTRICT COURT

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervent.

Basis of Action:

Trademark infringement

For Plaintiff:

Brobeck, Phleger & Harrison, 111 Sutter St., S.F. for
pltf. & James Buchanan & Co.

For Defendant:

Mollin, Hanscom & Hursh, 111 Sutter St.

Hill, Farrer & Burrill, 411 West 5th St., LA

Brobeck, Phleger & Harrison, 111 Sutter, SF for Buchanan.

J. Albert Hutchinson, 55 New Montgomery St. S.F. for Maier Brewing Co. & Ralphs Grocery Co.

[fol. 269]

DOCKET ENTRIES

DATE
1958

FILINGS—PROCEEDINGS

May	20	1	Filed complaint and issued summons.
	20		Mailed notice to Commissioner of Patents, Washington 25, D. C. (Clerk)
June	4	2	Filed notice & motion by deft. to dismiss. June 9, 1958.
	4	3	Filed memo. of deft. in support of motion to dismiss.
	6	4	Filed summons, executed as to both, May 27, 1958.
	9		Ord. motion to dismiss. continued to June 16, 1958. (Harris)
	13	5	Filed memo. by plaintiff in opposition to motion to dismiss.
	16	6	Filed defendant's memo. in opposition of motion to dismiss.
	16		Ord. after hearing motion to dismiss. submitted. (Harris)
	20	7	Filed memo. (letter) of plaintiff.
July	1	8	Filed order denying motion of defendant to dismiss. (Harris)
	1		Mailed copies order to counsel.

DATE
1958

FILINGS—PROCEEDINGS

July	10	9	Filed stip. & ord. ext. time for defts. to plead to Aug. 10, 1958. (Harris)
	10	10	Filed notice & motion by defts. to separately state claims, July 21, 1958.
	10	11	Filed memo. of defts. in support of motion to separately state.
	21		Hearing on motion to separately state claim. Counsel for deft. presented memo. Pltff. granted 7 days to file reply memo and case cont'd. to July 29, 1958 for subm. on motion of deft. to separately state claims. (Harris)
	21	12	Filed memo. of plaintiff in opposition to motion to require separate statements.
	25	13	Filed notice by pltff. of taking depositions of Paul Kalmanovitz & Albert Ralph, Jr.
	28	14	Filed memo. of defts. in support of mo. to sep. state.
	29		Ord. motion of defts. to separately state subm. (Harris)
Aug.	5	15	Filed interrogs. by deft. to plaintiff.
	7	16	Filed stip. & ord. ext. time for defts. to plead to 10 days after denial motion of motion to separately state or 10 days after filing of amended complaint.
	11	17	Filed order denying motion of deft. for separate statement (Wollenberg)(Harris)
	12		Mailed copies order to counsel.

DATE
1958

FILINGS—PROCEEDINGS

Aug. 15	18	Filed stip. & ord. ext. time for pltff. to plead to interrogs. to Sept. 19, 1958 (Wollenberg)
	18 19	Filed answer and counterclaim of defts.
	25 20	Filed stip. & ord. ext. time for pltff. to plead to counterclaim to Sept. 19, 1958 (Goodman)
Sept. 11	21	Filed deposition of Paul Kalmanovitz.
	11 22	Filed " " Albert George Ralphs, Jr. (Aug. 6, 1958)
	16 23	Filed stip. & ord. ext. time for pltff. to plead to interrogs. & counterclaim to Oct. 20, 1958. (Wollenberg)
Oct. 16	24	Filed stip. & ord. ext. time for pltff. to plead to interrogs. to Nov. 3, 1958.
	29 25	Filed stip. & ord. ext. time for pltff. to plead to interrogs. to Nov. 17, 1958
Nov. 17	26	Filed stip. & ord. ext. time for pltff. to plead to interrogs. to Dec. 17, 1958 (Goodman)
Dec. 17	27	Filed reply of plaintiff to counterclaim of deft. Maier Brewing Co.
[fol. 270]	17 28	Filed objections of plaintiff to interrogs. by deft.
	19 29	Filed notice by deft. of objections to interrogs. Jan. 5, 1959.
	29 30	Filed notice by plaintiff of reliance on affidavit of Charles S. White in sup- port of objections to interrogs.

FILINGS—PROCEEDINGS

DATE		
1958		
Dec. 29	31	Filed answer of plaintiff to interrogs. by deft.
1959		
Jan. 5		Ord. objections to interrogs. cont'd. to Jan. 12, 1959 (Burke)
7	32	Filed affidavit of Oscar A. Mellin in support of motion for prod. & Insp.
7	33	Filed notice by deft. of motion for prod. & insp. Jan. 12, 1959.
9	34	Filed memo. of deft. in opposition to objections of plaintiff to interrogs.
12		Ord. motion for prod. & insp. cont'd. to Jan. 26, 1959; on objections to interrogs. counsel to prepare formal order. (Burke)
12	35	Filed further answers of plaintiff to interrogs. by deft.
12	36	Filed reply memo. of plaintiff in support of objections to interrogs.
12	37	Filed suppl. memo. of defts. on objections to interrogs.
20	38	Filed order re: objections of plaintiff to interrogs. by deft. (Burke)
26		Ord. after hearing motion for prod. & insp. granted and counsel to prepare formal order. (Burke)
30	39	Filed order for prod. & insp. (Burke)
April 8	40	Filed statement of counsel for plaintiff reproduction of documents.

DATE
1959

FILINGS—PROCEEDINGS

May	7	41	Filed notice by plttf. of taking deposition of C. H. Moisman & issued subp.
	11	42	Filed notice by plaintiff of taking deposition of C. H. Moisman (no subp)
	12	43	Filed deposition subp. executed as to C. H. Mosiman.
Aug.	14	44	Filed notice & motion by James Buchanan & Co. Ltd. to intervene as plaintiff, Aug. 24, 1959 with supporting memo. & copy of complaint intervention
	24		Ord. after hearing motion of James Buchanan & Co. Ltd. to intervene as plttf. granted on condition certificate of readiness be filed by plaintiff not later than Nov. 1, 1959 and case set for trial before Dec. 31, 1959. (Goodman)
	25	45	Filed complaint of James Buchanan & Company in intervention.
Sept.	8	46	Filed answer of defts. to complaint in intervention
	14	47	Filed interrogs. by defendants to James Buchanan & Co.
Sept.	14	48	Filed suppl. interrogs. by defendants to plaintiff.
	24	49	Filed stip. & order ext. time for plaintiff to plead to suppl. interrogs. by deft. to Oct. 5, 1959 and plttf. in intervention to Oct. 15, 1959 to plead to interrogs. by deft. (Harris)

DATE
1959

FILINGS—PROCEEDINGS

Sept. 25	50	Filed stip. & ord. ext. time for plaintiff to plead to interrogs. to Oct. 15, 1959 and plttf. in intervention to Oct. 15, 1959 to plead to interrogs. by deft. (Harris)
[fol. 271] Oct. 5	51	Filed notice by plaintiff of taking deposition of Duke Molner.
13	52	Filed interrogs. by plaintiff to Maier Brewing Co.
13	53	Filed interrogs. by plaintiff to Ralphs Grocery Co.
15	54	Filed 2nd stip. & ord. ext. time for Buchanan & Co. to answer interrogs. by deft. to Nov. 6, 1959. (Harris)
29	55	Filed stip. & ord. ext. time for Maier Brewing & Ralphs Grocery to plead to interrogs. to Nov. 30, 1959. (Harris)
Nov. 9	56	Filed stip. & ord. ext. time for plttf. to answer interrogs. to Dec. 7, 1959. (Burke)
13	57	Filed deposition of Duke Molner
Dec. 2	58	Filed stip. & ord. ext. time for defts. to plead to interrogs. by plttf. to Dec. 18, 1959. (Burke)
16	59	Filed answer of Ralphs Grocery to interrogs. by plaintiff.
16	60	Filed answer and objections of Maier Brewing Co. to interrogs. by plaintiff.

DATE
1959

FILINGS—PROCEEDINGS

Dec.	16	61	Filed memo. of Maier Brewing Co. in support of objections to interrogs.
	16	62	Filed notice by defts. of objections to interrogs. Dec. 21, 1959.
	21	63	Filed stip. & ord. continuing objections to interrogs. to Jan. 4, 1960. (Sweigert)
	21	64	Filed memo. of deft. in support of motion for prod. & insp.
	31	65	Filed plttfs. suppl. interrogs. to deft. Maier Brewing Co.

1960

Jan.	4		Ord. objections to interrogs. cont'd. to Jan. 18, 1960 (Goodman)
	4	66	Filed stip. & ord. withdrawing interrogs 2(c), 7, 8, 12(c) and 14(c) (Carter)
	8	67	Filed answer of James Buchanan & Co. to interrogs. by deft.
	18		Ord. objns. to interrogs. off cal. (Goodman)
	20	68	Filed answer of plaintiff to suppl. interrogs. by defts.
	20	69	Filed answer of Maier Brewing to suppl. interrogs. by plaintiff.
	25	70	Filed deposition of Charles H. Moisiman.
Oct.	11		Mailed notice dism. cal. Oct. 18, 1960
	18		Ord. cont'd 30 days to be set. (Carter)

DATE

FILINGS—PROCEEDINGS

1960

Nov. 16 71 Filed notice by plaintiff to set Nov. 28, 1960, with cert. of readiness.

21 Ord. mo. to be set for Nov. 28, 1960, filed Nov. 16, 1960, off cal. (Carter)

28 Ord. case for trial Jan. 11, 1961. (Harris)

Dec. 2 72 Filed stip. by plaintiff Fleischmann Distilling, James Buchanan & Co. and Maier Brewing regarding certain paragraphs of complaint and certain interrogatories.

1961

Jan. 11 Ord. case now on trial for Jan. 11, 1961 cont'd to Mar. 1, 1961 for trial (Wollenberg)

11 73 Filed stip. that photostat or soft copies of US and State of Calif. trademarks may be used in lieu of originals; reproductions of pages of telephone directories may be used in lieu of originals.

[fol. 272]

Mar. 1 Ord. to Judge Harris for trial this date. (Wollenberg)

Court trial, evidence & exhibits introduced, memos to be filed 20-15-5 days, case con't to April 11, 1961 for subm. (Harris)

1 74 Filed brief by Deft of law to be relied upon at trial.

21 Ord. time for Maier to file Memo extended 10 days, case cont'd to April 24 for Submission. (Harris)

DATE
1961

FILINGS—PROCEEDINGS

Apr.	4	75	Filed opening brief, by plttf.
	24	76	Filed Deft's reply brief.
	24		Ord contd to May 8, 1961 for submission. (Harris)
May	8		Ord contd to May 15, 1961 for submission. (Harris)
	9	77	Filed reply brief by plttf.
	11		Ord contd to May 22, 1961 for submission. (Harris)
	22		Ord cause stand submitted. (Harris)
	26	78	Filed notice & Motion by Plttf. to vacate submission and to reopen case for further evidence on June 5, 1961 at 9:30 AM.
	26	79	Filed Memo by Plttf in support of mo to vacate submission and to reopen case for further evidence.
	26	80	Filed affidavit of Bailey Lang in support of mo to vacate submission an to reopen case for further evidence.
Jun.	2	81	Filed memo by Deft in opposition to Plttfs mo to vacate submission and to reopen case for further evidence.
June	5		Hearing on Mo. to vacate submitted. . Arg. heard mo. <i>denied</i> . (Harris)
	9	82	Filed Stip. of facts and order Denying Plttf's mo to vacate the submission and to reopen case for further evidence. (Harris)

DATE
1961

FILINGS—PROCEEDINGS

Aug. 28	83	Filed memo opinion and order. Pltff's prayer for an injunction and damages is denied. Deft's to prepare findings & conclusions and decree. (Harris)
	28	Copies mailed to Counsel.
Sep. 22		Lodged proposed finding of fact & Conclusions, by Defts.
	22	Lodged proposed judgment, by Deft.
	26 84	Filed suggested amendments to findings of fact and conclusions by Pltff.
Oct. 2	85	Filed objections by Defts. to suggested amendments to findings of fact & conclusions proposed by the Defts.
	6 86	Filed Findings of fact and conclusions. (For Defendants vs Fleischmann Distilling Corp. and Cost of suit. (Harris.)
	9 87	Entered Decree Judgment, filed Oct. 6, 1961, for Defendant vs Fleischmann Distilling Corp., dismissing cause with costs of suit. (Copies mailed. (Harris)
	9	Mailed notice to counsel of record.
	12 88	Filed memo bill of costs. (\$82.31)
[fol. 273]		
Oct. 13		Costs taxed at \$82.31. (Clerk)
Nov. 7	89	Filed notice of appeal by Pltffs.
	7 90	Filed cost bond on appeal in the sum of \$250.00 by Pltffs.
	8	Mailed notices to counsel of record.

DATE

FILINGS—PROCEEDINGS

1961

Nov. 15 91 Filed designation of record on appeal by pltffs.

Dec. 14 92 Filed Reporter's trans. proceedings of trial March 1, 1961.

15 Prepared & docketed record on appeal.

1963

Jul. 15 93 Filed copy of judgment of Court of Appeals reversing judgment of the District Court and remanding to the said District Court with directions to enter judgment in accordance with the opinion of this Court. The question of Pltffs' right to an accounting, remains for decision by the District Court. Appellants to recover costs from appellees. (Copy of opinion attached.) Cost allowed in Court of Appeals:

US Dist. Ct. Clerk's Fee:

Notice of appeal \$ 5.00

Cost Bond—Premiums 20.00

Reporter's Fee:

Transcript 111.15

Docket Fee in Court of appeal 25.00

Cost of printing record 1,011.51

Clerk's Fee: Rule 17 49.00

Notarial Fee for bill of costs .50

Total amount of costs taxed in judgment \$1,222.16

FILINGS—PROCEEDINGS

DATE
1963

Aug. 1 94

Filed notice & Motion by plttfs. The Fleischmann Distilling Corp and James Buchanan & Co. Ltd. for entry of judgment, Aug. 8, 1963, 10:00 A.M. before Judge Harris, with copy of proposed judg. attached.

1

Ord cal for Aug 8, 1963 on mo for entry of judgment. (Harris)

2

Ord cont'd to Aug 16, 1963 on mo for entry of judgment. (Harris)

14 95

Filed objections of defts. to proposed judgment submitted by plttf. together with memo. in support and proposed findings, conclusions & judgment, by defts.

14 96

Filed memo. of plaintiffs concerning proposed judgment by defts.

16

Ord, aft hrg, deft to have 20 days for a responsive memo, plttf is to have 10 days for a closing memo, and case cont'd to Sept 16, 1963 for submission of mo for entry of judgment.

(Harris)

Sep. 3 97

Filed reply memo to defts' memo concerning proposed judgment attorneys' fees and accounting.

[fol. 274]

Sep. 13 98

Filed memo by plttfs, respecting the award of attys fees and an accounting.

13 99

Filed Plttf's memo, dated Aug. 16, 1963, respecting the award of attys' fees and an accounting.

DATE

FILINGS—PROCEEDINGS

1963

Sep. 16

Ord, aft hrg, mo for entry of judgment stand, submitted. (Harris)

18

Ord fur arg on mo for entry of judgment to Oct 22 off Cal. (Harris)

1964

Jan. 21

Ord case calendered, Feb. 20, hrg. on atty fees and costs. (Harris)

23 100

Entered Judgment, filed Jan 22, 1964; The Judgment of this Court filed herein on Oct. 9, 1961 is hereby vacated; Judgment for the Plaintiff vs Maier Brewing Co. and Ralphs Grocery Co., defendants, enjoining said defts. from further violations of plttf's trademark "Black & white" on conditions as more fully set out in this judgment; Plttf. to recover costs from defts. incurred in the Court of appeals and in the Dist. Court; Deft. Maier shall recover nothing by virtue of its counterclaim; Pltffs to recover from defts. a reasonable amount of atty's fees & litigation expenses incurred in this Court, The U.S. Court of Appeals, 9th Cir. and the U.S. Court of appeals, hearing on said costs to be held on Thursday, Feb. 20, 1964, 10:30 A.M. to determine the amount; Accounting of defts' profits shall be had with all convenient speed; the Court reserves for fur. consideration the matter of appointing a Special Master, all questions as to amounts of profits, to costs hereafter accruing and the matter of further proceedings herein. (Harris)

FILINGS—PROCEEDINGS

DATE 1964		
Jan.	23	Copies mailed.
	23	Mailed notice of entry of judgment.
	30 101	Filed memo bill of costs by pltffs. (\$253.00)
Feb.	3	Costs taxed at \$253.09
	17	Ord application for attys fees and costs be cont'd to April 9 at 10:30 a.m. (Harris)
	19	Ord application for atty fees and costs cont'd to April 23, 1964 for hrg. (Harris)
	25 102	Filed return on service of copy of judgment as to Ralph Grocery Co. by serving Norman Peterson, Controller and as to Maier Brewing Co. by Serving Paul Kalmanority, Pres. on February 5, 1964.
[fol. 275]		
Apr.	2 103	Filed report of defendants pursuant to judgment
	16 104	Filed affidavit of Porter R. Chandler, with exhibit A attached.
	23	Ord., aft hrg, issue of attys fees to stand submitted. (Harris)
	30 105	Filed order allowing pltff. attorney fees and costs. (Harris)
May	1	Copies mailed to Pltff's. & Deft's. Attys.
	5 106	Filed Ltr. memo of pltff. on determination of amount of attorney fees, dated Apr. 24, 1964.
	5 107	Filed application by pltffs. for taxation of costs and memo cost bill. (\$2,152.79)

DATE
1964

FILINGS—PROCEEDINGS

May 19	108	Filed substitution of attorneys J. Albert Hutchison for Maier Brewing Co. & Ralphs Grocery Co. in place of Murray M. Chotiner
	21 109	Filed notice of appeal by defendants from order allowing attorney fees and costs
	21 110	Filed cost bond on appeal
	22	Mailed notice of appeal
	27 111	Filed notice of defts. & request to prepare reporter's transcript.
Jun. 15	112	Filed notice of withdrawal of Mellin, Hanscom & Hursh, Oscar A. Mellin and Carlisle M. Moore, as attys for defts. (So ordered: Sweigert)
Jul. 1	113	Filed stip. for ext. of time to file designation of record on appeal.
	6 114	Filed order, on stip., ext. time for defts. to file designation of record on appeal, to & including July 31, 1964. (Harris)
	13 115	Filed reporters transcript of motion for attorney fees & costs April 23, 1964
	30 116	Filed designation of record on appeal.
	31 117	Filed order ext. time to file record & docket; appeal to & including August 19, 1964. (Copies mailed) (Wollenberg)
	31 118	Filed reporters transcript of hearing on motion for entry of judgment Aug. 16, 1963
Aug. 3	119	Filed designation of additional portions of record

[fol. 276]

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

No. 20748 (19486)

MAIER BREWING COMPANY, a corp., et al., Appellants,

vs.

THE FLEISCHMANN DISTILLING CORP., JAMES BUCHANAN
& Co., LTD., Appellees.

[fol. 277] Before: Pope, Browning and Duniway, Circuit
Judges.

MINUTE ENTRY OF ORDER OF SUBMISSION—April 8, 1965

This cause coming on for hearing, J. Albert Hutchinson,
argued for the appellant, and Richard Haas, argued for
the appellee, thereupon the Court ordered the cause sub-
mitted for consideration and decision.

[fol. 278]

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

No. 19,486

MAIER BREWING COMPANY, a corp., et al., Appellants,

vs.

THE FLEISCHMANN DISTILLING CORP. and JAMES BUCHANAN
& Co., LTD., Appellees.

DIRECTION FOR EN BANC HEARING

The above entitled cause on April 8, 1965, was submitted
to a division of the court consisting of Circuit Judges Pope,
Browning and Duniway.

The position of the appellants questions, with respect to attorney fees, the holdings in our cases of *Wolfe v. National Lead Co.*, 272 F.2d 867, and *National Van Lines v. Dean*, 237 F.2d 686.

The three judges to whom the case was originally assigned have requested that the submission of the case be vacated and that it be heard en banc.

All active judges have acceded to the request of the division. Therefore, the order of submission of April 8, 1965, is vacated and the case will be heard en banc.

The clerk will calendar the case at an appropriate time.

Richard H. Chambers, Chief Judge.

[fol. 279]

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

Before: Chambers, Barnes, Hamley, Jertberg, Merrill, Koelsch, Browning, Duniway and Ely, Circuit Judges.

MINUTE ENTRY OF ORDER OF SUBMISSION—January 13, 1966

This cause coming on for hearing, J. Albert Hutchinson, argued for the appellant, and Gregory A. Harrison, argued for the appellee, thereupon the Court ordered the cause submitted for consideration and decision.

[fol. 280]

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

No. 19,486

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Appellant,

vs.

THE FLEISCHMANN DISTILLING CORPORATION, a corporation,
and JAMES BUCHANAN & COMPANY LIMITED, Appellee.

ORDER DISMISSING THE APPEAL AS PREMATURELY BROUGHT
—Filed January 14, 1966

On Appeal from the United States District Court for the
Northern District of California, Southern Division.

BEFORE THE COURT EN BANC.

The appeal is dismissed as prematurely brought.

If the district court should be disposed to issue a certificate under 28 U.S.C. 1292(b), this court en banc is disposed to accept a new appeal as an interlocutory appeal under said section.

In such event the court is prepared to use the record and briefs in this case, and to submit the case en banc for decision without further oral argument.

Judge Browning did not participate in the above order.

[File endorsement omitted]

[fol. 281]

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

No. 19,486

MAIER BREWING COMPANY, etc. et al., Appellants,

VS.

THE FLEISCHMANN DISTILLING CORP., etc. et al., Appellees.

JUDGMENT—Filed and Entered January 14, 1966

Appeal from the United States District Court for the Northern District of California, Southern Division.

This Cause came on to be heard on the Transcript of the Record from the United States District Court for the Northern District of California, Southern Division, and was duly submitted.

On Consideration Whereof, It is now here ordered and adjudged by this Court, that the appeal in this Cause be, and hereby is dismissed, as prematurely brought.

Filed and entered January 14, 1966.

[fol. 282]

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 19,486

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Appellants,

vs.

THE FLEISCHMANN DISTILLING CORPORATION, a corporation,
and JAMES BUCHANAN & COMPANY LIMITED, Appellees.

APPLICATION FOR LEAVE TO APPEAL FROM ORDER ALLOWING
ATTORNEY FEES AND COSTS—Filed January 27, 1966

Defendants Maier Brewing Company and Ralphs Grocery Company, in the above-entitled action, presently pending in the United States District Court, Northern District of California, Southern Division, and therein numbered Civil No. 37340, respectfully apply to the Court for an order granting leave to defendants to appeal and to file a notice of appeal from Order Allowing Attorney Fees and Costs filed April 30, 1964.

Leave to appeal from said Order Allowing Attorney Fees and Costs is respectfully sought upon the ground that the order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially [fol. 283] advance the ultimate termination of the litigation and disposition of further proceedings in the action presently pending and involving the same and related questions of law.

[File endorsement omitted]

Reference is made to the order of the Court filed January 14, 1966, reading in relevant part, as follows:

"BEFORE THE COURT EN BANC.

"The appeal is dismissed as prematurely brought.

"If the district court should be disposed to issue a certificate under 28 U.S.C. 1292(b), this court en banc is disposed to accept a new appeal as an interlocutory appeal under said action.

"In such event the court is prepared to use the record and briefs in this case, and to submit the case en banc for decision without further oral argument."

Conforming to the foregoing order of the Court, defendants respectfully request that, in the event the order for leave to appeal from said Order Allowing Attorney Fees and Costs be granted by the Court, that the appeal be submitted in accordance with the concluding paragraph of the order of the Court as set forth in the above quotation.

Reference is also made to the Certificate of the United States District Court pursuant to Title 28 U.S.C. 1292(b).

Dated: January 20, 1966.

Respectfully submitted,

J. Albert Hutchinson, Attorney for defendants and appellants Maier Brewing Company and Ralphs Grocery Company.

[fol. 284]

IN THE UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SOUTHERN DIVISION
 Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
 a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
 RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
 Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
 GROCERY COMPANY, a corporation; Defendants in Inter-
 vention.

CERTIFICATE OF UNITED STATES DISTRICT COURT UNDER
 TITLE 28 U.S.C. 1292 (b), IN RESPECT TO ORDER ALLOW-
 ING ATTORNEY FEES AND COSTS—Filed January 25, 1966

The Court hereby certifies that the Court is of the opin-
 ion that the Order Allowing Attorney Fees and Costs in
 the above-entitled action, filed April 30, 1964, involves a
 [fol. 285] controlling question of law as to which there is
 substantial ground for difference of opinion and that an

[File endorsement omitted]

immediate appeal from the order may materially advance the ultimate termination of the litigation.

Dated: January 24, 1966.

George B. Harris, Chief Judge.

Receipt of a copy of the foregoing certificate, as proposed to the Court by defendants is hereby acknowledged this 21 day of January, 1966, and the same is hereby approved as to form.

Moses Lasky, Richard Haas, Brobeck, Phleger & Harrison, By: Moses Lasky, Attorneys for Plaintiffs.

[fol. 286]

IN UNITED STATES COURT OF APPEALS

RE: MAIER BREWING COMPANY et al.,

v.

FLEISCHMANN DISTILLING CO^{RP.}, Undocketed.

ORDER—Filed February 10, 1966

The district court having issued a certificate under 28 U.S.C. 1292(b) for an interlocutory appeal, after consideration thereof, it is by the United States Court of Appeals for the Ninth Circuit Ordered that an interlocutory appeal from the order of the United States District Court for the Northern District of California dated April 30, 1964, allowing attorney fees and costs (Case No. 37,340) is authorized.

It Is Further Ordered that the case will be heard en banc without further briefs and oral arguments, and that the court will use the briefs and record in its case No. 19,486. Such small supplemental record as is required may be filed.

Richard H. Chambers, Circuit Judge.

[File endorsement omitted]

[fol. 287]

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

Civil Action No. 37340

THE FLEISCHMANN DISTILLING CORPORATION,
a corporation, Plaintiff,

vs.

MAIER BREWING COMPANY, a corporation, and
RALPHS GROCERY COMPANY, a corporation, Defendants.

JAMES BUCHANAN & COMPANY LIMITED,
Plaintiff in Intervention,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS
GROCERY COMPANY, a corporation, Defendants in Inter-
vention.

NOTICE OF APPEAL FROM INTERLOCUTORY ORDER—
Filed February 16, 1966

To the Clerk of the Above-Entitled Court:

To the Plaintiffs Above Named and to Moses Lasky,
Esquire and Richard Haas, Esquire of Brobeck, Pheleger
& Harrison, Their Attorneys:

You and Each of Will Please Take Notice that defen-
dants intend to, and they do hereby, appeal to the United
[fol. 288] States Court of Appeals for the Ninth Circuit,

[File endorsement omitted]

from that certain interlocutory order allowing attorney fees and costs in the above-entitled proceeding, in favor of plaintiffs against defendants, and made and entered in the above-entitled Court on the 30th day of April, 1964, and from each portion and the whole thereof.

Dated this 20th day of January, 1966.

J. Albert Hutchinson, Attorney for Defendants
Maier Brewing Company and Ralphs Grocery
Company.

Receipt of a copy of the foregoing document is hereby acknowledged this 21 day of January, 1966.

Moses Lasky, Richard Haas, Brobeck, Phleger & Harrison, By: Moses Lasky, Attorneys for Plaintiffs.

[fol. 289]

IN UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Before: Chambers, Barnes, Hamley, Jertberg, Merrill, Koelsch, Browning, Duniway and Ely, Circuit Judges.

MINUTE ENTRY OF ORDER DIRECTING FILING OF OPINION AND
FILING AND RECORDING OF JUDGMENT—March 16, 1966

Ordered that the typewritten opinion this day rendered by this Court in above cause be forthwith filed by the Clerk and that a judgment to be filed and recorded in the minutes of this Court in accordance with the opinion rendered.

[fol. 290]

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 20,748

MAIER BREWING COMPANY, a Corp., et al., Appellants,
vs.

THE FLEISCHMANN DISTILLING CORP., Appellee.

MAIER BREWING COMPANY, a Corp., et al., Appellants,
vs.

JAMES BUCHANAN & Co., LTD., Appellee.

Appeal from the United States District Court for the
Northern District of California Southern Division

Before: Chambers, Barnes, Hamley, Jertberg, Merrill,
Koelsch, Browning, Duniway and Ely, Circuit Judges

OPINION—March 16, 1966

Duniway, Circuit Judge:

Following this court's decision in *Fleischmann Distilling Corporation v. Maier Brewing Company*, 1963, 314 F.2d 149, the district court entered judgment pursuant to our mandate enjoining Maier Brewing Company from distributing, selling or offering for sale any alcoholic beverage labeled or named with the words "Black & White" not blended and bottled by James Buchanan & Company Limited. The judgment further recited that the plaintiffs (Fleischmann Distilling Corporation and James Buchanan & Company Limited) were entitled to recover from defen-

[fol. 291] dants (Maier Brewing Company and Ralphs Grocery Company) a reasonable amount for attorneys' fees and litigation expenses incurred in this suit in the district court, in the United States Court of Appeals, and in the United States Supreme Court, and fixed the time for hearing to determine the amount of such fees and expenses. Thereafter a hearing was held at which evidence on behalf of all parties was received, and the district court, on April 30, 1964, entered an order awarding plaintiffs, as attorneys' fees, the sum of \$60,000 and further sums by way of costs. Appellants have now appealed from that order.

Their first appeal, our No. 19,486, was held by us to be premature, the order not being a final judgment. The trial court then made its certificate, pursuant to 28 U.S.C. § 1292(b), that the order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation. We granted leave to appeal and the matter is now before us for decision on the merits.¹

It is contended that it was error for the district court to award any amount by way of attorneys' fees and litigation expenses and that, in any event, the amount awarded was excessive and not warranted by the record.

Two decisions of this court appear to support such an award: *National Van Lines v. Dean*, 9 Cir., 1956, 237 F.2d 688 and *Wolfe v. National Lead Co.*, 9 Cir., 1959, 272 F.2d 867. *Wolfe* is in point here and relies on *National Van Lines*, but we are of the opinion that, insofar as these cases can be said to relate to an award of attorneys' fees in an action for trademark infringement under the Lanham Act (15 U.S.C. §§ 1051 ff.) they, or at least *Wolfe*, should be overruled.

¹ The merits were fully argued on the first appeal. We ordered that the matter be submitted, without further argument, upon the briefs and record on file.

National Van Lines was a case in which the plaintiff asserted three grounds for relief; infringement of a registered service mark, unfair competition, and breach of contract. The first rested upon federal law, the other two upon the law of California and diversity jurisdiction. The [fol. 292] trial court entered judgment for the defendant. This court reversed, holding that the findings as to unfair competition were clearly erroneous, confining its decision to that ground, and further holding that monetary damages had not been proved, but that an injunction should issue. The opinion concludes as follows (p. 694):

"We make one exception from the ruling just announced. Since we have found appellee's acts to have been willful and calculated to trade upon appellant's good will, the latter is entitled to recover its actual and reasonable attorney's fees incurred in this litigation."

* * * * *

"8. *Aladdin Mfg. Co. v. Mantle Lamp Co.*, 7 Cir., 116 F.2d 708; *Admiral Corp. v. Penco*, 2 Cir., 203 F.2d 517; *Keller Products, Inc. v. Rubber Linings Corp.*, 7 Cir., 213 F.2d 382, 47 A.L.R.2d 1108."

It will be noted that no consideration was given to whether the award of attorney's fees rested upon state law or upon federal law.

Wolfe cites and follows *National*. In that case, as here, there were two appeals. The action began as one for a declaratory judgment that *Wolfe's* use of a trademark did not infringe National Lead Company's registered mark. National Lead counterclaimed for infringement, a federal claim, and for unfair competition, a state claim. *Wolfe* prevailed in the trial court. We reversed, 1955, 223 F.2d 195, holding that the mark "was one entitled to full protection both under the rules of the common law and under the federal acts" (p. 200). We relied specifically upon the Lanham Act (15 U.S.C. §§ 1051 ff.) As in *National Van*

Lines, we held that the trial court's findings were clearly erroneous. (p. 201) We further held that Wolfe's "continued use of these names and the passing off of their products thereunder was intentionally false and misleading and done with a purpose on their part of deceiving prospective purchasers." (p. 202) We concluded that there was both trademark infringement and unfair competition under California law. (p. 205) We remanded with directions to dismiss Wolfe's complaint, to grant National Lead an injunction, to take an account of Wolfe's profits, and to determine National Lead's damages.

[fol. 293] Thereafter, the trial court took an accounting and entered a judgment for damages and attorney's fees. It made findings as to intentional infringement consistent with the views stated by us in our first opinion. On Wolfe's appeal, we affirmed (272 F.2d 867). As to the award of attorney's fees, we said (p. 873):

"Finally Wolfe assigns as error the inclusion in the judgment of an allowance to appellee for counsel fees. In the light of the judicial determination that the infringement was deliberate and fraudulent, this allowance was proper. *National Van Lines v. Dean*, 9 Cir., 1956, 237 F.2d 688, 694."

The course of the present litigation is similar to that in *Wolfe*. The complaint was based upon both trademark infringement and unfair competition. Judgment was for the defendant Maier. We reversed. Our decision was based solely on the Lanham Act. (See 314 F.2d at 151-52) We said:

"We cannot conclude but that Maier deliberately adopted the name knowing that Black & White was the name and trademark of Buchanan and they must have done so with some purpose in mind. The only possible purpose could have been to capitalize upon the popularity of the name chosen. This popularity, they

must have known would extend to their product because the public would associate the name Black & White with something old and reliable and meritorious in the way of an alcoholic beverage." (314 F.2d at 157)

• • • • "But when the evidence does show or require the inference that another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built up, then the inference of likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit." (314 F.2d at 158)

The judgment of the district court, entered pursuant to our mandate, found and concluded as follows: "Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would [fol. 294] extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product. Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein."

We might distinguish *National Van Lines* on the ground that it rests upon California law of unfair competition. *Wolfe*, however, is expressly grounded on the Lanham Act

and on *National Van Lines*, which does not differentiate, so far as attorney's fees are concerned, between the two grounds. Thus *Wolfe* is authority for the award here made, and it makes *National Van Lines* an authority on the same question. We must either follow them, limit or overrule them.

We start with the long established principle that a successful party cannot, in an ordinary action at law or in equity, recover his attorney's fees incurred in the action, unless such recovery is provided for by statute or contract. It makes no difference whether such a recovery be denominated costs or damages or something else. This has long been the rule in the federal courts,² and in the courts of [fol. 295] California.³ This court has recognized and applied the rule.⁴ And we note particularly that the rule has been applied by the Supreme Court in patent cases. (*Tesse v. Huntingdon*, *supra*, fn. 2, *Philp v. Nock*, *supra*, fn.2)

² *Arcambel v. Wiseman*, 1796, 3 U.S. (3 Dallas) 306; *Day v. Woodworth*, 1851, 54 U.S. (13 How.) 363, 370-72 (trespass); *Tesse v. Huntingdon*, 1859, 64 U.S. (23 How.) 2, 8-9 (patent infringement); *Oelrichs v. Spain*, 1872, 82 U.S. (15 Wall.) 211, 230-31 (damages under injunction bond); *Flanders v. Tweed*, 1872, 82 U.S. (15 Wall.) 450, 452-53 (trover); *Philp v. Nock*, 1873, 84 U.S. (17 Wall.) 460 (patent infringement); *Stewart v. Sonneborn*, 1878, 98 U.S. 187, 197 (malicious prosecution). See also: *Missouri Pacific Ry Co. v. Larrabee*, 1914, 234 U.S. 459; *Tullock v. Mulvane*, 1902, 184 U.S. 497; *Rude v. Buchhalter*, 1932, 286 U.S. 451, 459-61 (claimant to fund denied fees; stockholder allowed fees from fund).

³ *Griggs v. Board of Trustees*, 1964, 389 P.2d 722; 37 Cal. Rptr. 194, 61 Cal.2d 93; *Prentice v. North Am. Title Guaranty Corp.*, 1963, 381 P.2d 645, 30 Cal. Rptr. 821, 59 Cal.2d 618. There are a multitude of California decisions to the same effect.

⁴ *Mutual Ben. Health & Accident Ass'n. v. Moyer*, 9 Cir., 1938, 94 F.2d 906. There are a great many decisions of the courts of appeals to the same effect. See 20 West's Federal Digest, Costs, § 172; 12 West's Modern Federal Practice Digest, costs, § 172; 27 West's Federal Digest, Damages, §§ 70-72; 19 West's Modern Federal Digest, Damages, §§ 70-72.

• The rule is stated in *Oelrichs v. Spain*, 1872, 82 U.S. (15 Wall.) 211, 231:

"In debt, covenant and assumpsit damages are recovered, but counsel fees are never included. So in equity cases, where there is no injunction bond, only the taxable costs are allowed to the complainants. The same rule is applied to the defendant, however unjust the litigation on the other side, and however large the *expensa litis* to which he may have been subjected. The parties in this respect are upon a footing of equality. There is no fixed standard by which the *honorarium* can be measured. Some counsel demand much more than others. Some clients are willing to pay more than others. More counsel may be employed than are necessary. When both client and counsel know that the fees are to be paid by the other party there is danger of abuse. A reference to a master; or an issue to a jury, might be necessary to ascertain the proper amount, and this grafted litigation might possibly be more animated and protracted than that in the original cause. It would be an office of some delicacy on the part of the court to scale down the charges, as might sometimes be necessary.

"We think the principle of disallowance rests on a solid foundation, and that the opposite rule is forbidden by the analogies of the law and sound public policy."

There is no provision for the recovery of attorney's fees in the Lanham Act. Yet Congress has known how to provide for such a recovery when it wished to do so. It has so provided in patent cases (35 U.S.C. § 285), limiting the right to "exceptional cases." It has made similar provision in the field of copyright. (17 U.S.C. § 116; 1(e).) Patent and copyright infringement suits are in many ways similar to trademark infringement cases, yet Congress has not provided for attorney's fees in trade

mark cases. We can hardly say that this was inadvertent,⁵ and that the courts should fill the gap by establishing, contrary to the usual rule, a right that Congress has not conferred.

Moreover, Congress has provided a different means whereby parties injured by trademark infringement can be compensated when it is difficult or impossible to prove actual pecuniary loss. Section 1117 of Title 15, U.S.C. provides for the recovery of defendant's profits, plaintiff's damages, and costs. It then provides:

"In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

Having given the court so broad an authority to award damages in excess of those proved, the Congress may well have felt—as we do—that it would be piling Pelion on

⁵ There are many other statutes, most of them of a regulatory character, in which Congress has provided for the recovery of attorney's fees, usually as an incentive to the injured party to aid in the enforcement of the Act, e.g., Antitrust laws, 15 U.S.C. §§ 15, 72; Acts dealing with the regulation of securities, securities dealers, trust indentures, etc., 15 U.S.C. §§ 77k(e), 77ooo(e), 77www(a), 78i(e); Interstate Commerce Commission Act, 49 U.S.C. § 16(2); Perishable Agricultural Commodities Act, 7 U.S.C. § 499g(b); Packers and Stockyards Act, 7 U.S.C. § 210(f); Water Carriers, 49 U.S.C. § 908(b); see also 28 U.S.C. §§ 1346(b), 2678, relating to the Federal Tort Claims Act; 22 U.S.C. § 1623(f) and 50 U.S.C. App. § 1985—international and Japanese evacuation claims. See Note 8 L. Ed.2d 894 at pp. 922, 32.

[fol. 297] Ossa to provide for attorney's fees as well.* Neither the Copyright Act (17 U.S.C.) nor the patent law (35 U.S.C.) contains a similar provision. If attorney's fees can be awarded in addition to the award permitted by section 1117, there is grave danger of duplication of damages, as a practical matter.* (Cf. *Day v. Woodworth*, 1851, 54 U.S. (13 How.) 363, 372).

Two of the decisions of the Supreme Court cited in footnote 2, *supra*, (*Tesse v. Huntingdon*, and *Philp v. Nock*), seem to us very nearly to compel the result that we reach. Each holds that attorney's fees cannot be recovered in a patent infringement suit. Congress has overruled them in part, by providing for such a recovery "in exceptional cases," and this court has carefully adhered to the limitation imposed by Congress. (*Park-In-Theatres, Inc. v. Perkins*, 9 Cir., 1951, 190 F.2d 137) We can see no such difference between trademark infringement and patent infringement as to justify an award of attorney's fees in the former when Congress has not provided for it. Neither *National Van Lines* nor *Wolfe* considers these cases, or discusses the problem that they pose. They are old cases, but they have never been questioned by the Supreme Court and would presumably still be good law if Congress had not intervened.

It seems clear that, under the standards laid down by us in *Park-In-Theatres, supra*, the award here involved would

* No helpful legislative history has been brought to our attention. It is clear, however, that the Lanham Act—and the preceding trademark laws—have had a great deal of congressional attention. See S. Rep. 1333, p. 6, 79th Cong., 2d Sess. (1946), which gives a summary of bills introduced prior to the Lanham Act. We find no discussion of the question of attorney's fees. Since the adoption of the Act in 1946 (60 Stat. Ch. 540, p. 427 ff.), there have been at least two bills introduced that would have provided for a recovery of attorney's fees (S. 2540, 83rd Cong., 1st Sess., S. Rep. 2266, 83rd Cong., 2d Sess., which passed the Senate but not the House, and H. R. 7734, 84th Cong., 1st Sess., on which no action was taken). This, however, is the weakest kind of legislative history. We do not rely on it.

not be proper even if the Lanham Act contained the same provision for the recovery of attorney's fees as does the Patent Law. Yet here the defendant, whose case was good enough to convince an experienced trial judge that it should win, now finds itself subject to a judgment for over \$60,000 for the plaintiffs' attorney's fees, on the theory [fol. 298] that defendant should not have defended the lawsuit in the first place.

There still remains the question as to whether the authorities supporting an award of attorney's fees in a case like this are so numerous, of such long standing, and so well considered, that we ought not now to announce a contrary rule. We turn, then, to the cases. *National Van Lines* is now nine years old. *Wolfe* cites nothing but *National Van Lines*, and is six years old.⁷ *Wolfe*, we think, is good authority only if *National Van Lines* is. The latter cites three cases, which we now consider.

Aladdin Mfg. Co. v. Mantle Lamp Co., 7 Cir., 1941, 116 F.2d 708, the oldest of the cases, has been on the books for 24 years, and has been cited and relied upon by this and other circuits.⁸ It was a trademark case, under the statutes (former 15 U.S.C. §§ 99, 96) then in force. The opinion covers 7 pages of the Federal Reporter. It deals with an accounting for profits, damages, and exemplary damages. In discussing the latter, it says (p. 717):

⁷ *High Fidelity Recordings, Inc. v. Audio Fidelity, Inc.*, 9 Cir., 1962, 305 F.2d 86 relies primarily on *National Van Lines*. It was an action for unfair competition under California law. It was not a trademark case. We need not consider whether it correctly applied California law.

⁸ *National Van Lines* and *High Fidelity Recordings, Inc.* in this circuit, and *Keller Products, Inc. v. Rubber Linings Corp.*, 7 Cir., 1954, 213 F.2d 382, discussed in this opinion; *United Auto Workers v. American Brake Shoe Co.*, 4 Cir., 1962, 298 F.2d 212, an action under section 301 of the Labor Management Relations Act (29 U.S.C. § 185(a)); *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 2 Cir., 1956, 234 F.2d 538, a Lanham Act case; *Century Distilling Co. v. Continental Distilling Corp.*, 3 Cir., 1953, 205 F.2d 140 (case not followed—cited *semble*). We do not list the few District Court actions.

"In the present case, there was direct proof that because of the fraudulent and wilful infringement and unfair competition of appellee, appellant incurred legal expenses aggregating \$18,515.03. Counsel's fees necessitated by the tort have been said in some instances to be recoverable as a part of the compensatory damages and in other cases as a part of exemplary damages. As the master's finding of wilful and fraudulent conduct is sustained by the evidence, this sum was recoverable as compensatory damages and hence properly included in the amount recommended by him."

No authority is cited. The question whether the statute [fol. 299] authorizes the award is not specifically discussed. The decision flies in the face of the cases cited in footnote 2, *supra*. We think that the case has nothing to recommend it as authority on the point before us, except its age, if that be a recommendation.

Admiral Corp. v. Penco, 2 Cir., 1953, 203 F.2d 517, was a trademark case in which the trial court found infringement, granted an injunction, awarded attorney's fees, but denied damages or an accounting for profits. On appeal, this judgment was affirmed. In its opinion, the court discussed jurisdiction, the merits of the case, a motion by defendant for continuance pending certain matters in the patent office, and the right to an accounting. As to attorney's fees, the court said (p. 521):

"The permanent injunction and the counsel fees awarded plaintiff were fully justified."

"Since, however, the plaintiff had to defend in this court to preserve its patently just judgment, it will be awarded appellate costs, together with additional attorney's fees of \$500. *R.F.C. v. J.G. Menihan Corp.*, 312 U.S. 81, 85, 61 S.Ct. 485, 85 L.Ed. 595; *Century Distilling Co. v. Continental Distilling Corp.*, D.C.E.D. Pa., 102 F.Supp. 39."

Again, there is no discussion of whether an award of attorney's fees is proper in a Lanham Act case. The *R.F.C.* case does not touch the question. It holds that costs can be awarded against the R.F.C., a government corporation. *Century Distilling Co.*, a District Court case, refused an award of counsel fees, and Chief Judge Kirkpatrick expressed doubt as to the soundness of *Aladdin* and as to his power to make an award. His decision was affirmed (see footnote 8, *supra*). Of such materials are authorities sometimes constructed.*

Keller Products, Inc. v. Rubber Lining Corp., 7 Cir., 1954, 213 F.2d 382, is the third case cited in *National Van* [fol. 300] Lines. It was an action for trademark infringement and unfair competition. A judgment for the plaintiff, awarding \$1,500 punitive damages and \$1,500 attorney's fees, was modified by striking the award of punitive damages. The court considered the merits at length, and held that punitive damages were not properly awarded because the case was not "an extreme case" of "willful and wanton infringement." As to attorney fees, it said (p. 388):

"The allowance of \$1,500 attorney fees is in a somewhat different category. As pointed out by this court, in the *Aladdin* case, *supra*, 116 F.2d at page 717, 'Counsel's fees necessitated by the tort have been said in some instances to be recoverable as a part of the compensatory damages and in other cases as a part of exemplary damages.' In the case at bar the trial court assessed only a part of the attorney fees incurred by plaintiff in this action. We think the allowance of \$1,500 to cover part of plaintiff's litigation expenses was proper as compensatory damages."

* The writer has an uncomfortable feeling that on occasion he may have done the same thing. *Admiral Corp.*, too, has been cited in other cases; *High Fidelity Recordings, Inc.*, *supra*, fn. 7; *Baker v. Simmons Co.*, 1 Cir., 1963, 325 F.2d 580, which also cites *Wolfe* and *Keller*; *United Auto Workers*, *supra*, fn. 8; *Maternally Yours, Inc.*, *supra*, fn. 8. Again, we do not list District Court citations.

We suggest that this is no better authority than *Aladdin*.¹⁰

National Van Lines has been cited once on the matter of attorney's fees, by another Court of Appeals, in *United Auto Workers, supra*, fn. 8. That case arose under the L M R A; it hardly adds to the stature of *National Van Lines* as authority under the Lanham Act. *Wolfe* has likewise been cited by other Courts of Appeals—in *United Auto Workers, supra*, fn. 8, and in *Baker, supra*, fn. 9.

There are other decisions by Courts of Appeals in accord with *National Van Lines* and *Wolfe*. One is *Maternally Yours, Inc. v. Your Maternity Shop, supra*, fn. 8. Plaintiff there invoked both the Lanham Act and the New Jersey law of unfair competition. Judgment was for the plaintiff on both theories, and an injunction, an accounting for profits, and attorney's fees were awarded. On the attorney fee question, the court said: (234 F.2d at 545)

"Defendant also objects to the inclusion in the interlocutory decree of a provision awarding counsel fees [fol. 301] to the plaintiff. It is now settled that counsel fees may be awarded to the successful litigant in trade-mark infringement cases where there is a finding of fraud. *Keller products, Inc. v. Rubber Linings Corp.*, 7 Cir., 1954, 213 F.2d 382; *Century Distilling Co. v. Continental Distilling Corp.*, *supra*; *Admiral Corp. v. Penco, Inc.*, *supra*; *Aladdin Mfg. Co. v. Mantle Lamp Co.*, 7 Cir., 1941, 116 F.2d 708; *General Motors Corp. v. Circulators & Devices Mfg. Corp.*, D.C.S.D.N.Y., 1946, 67 F. Supp. 745. *Gold Dust Corp. v. Hoffenberg*, 2 Cir., 1937, 87 F.2d 451, which is to the contrary, would appear to have been overruled *sub silentio* by *Admiral Corp. v. Penco, Inc.*, *supra*.

¹⁰ Like *Aladdin* and *Admiral*, *Keller* has progeny. It is cited in *High Fidelity Recordings, Inc.*, *supra*, fn. 7; *Baker, supra*, fn. 9; *United Auto Workers, supra*, fn. 8; *Maternally Yours, Inc.*, *supra*, fn. 8.

We have already commented on *Keller, Admiral* and *Aladdin*, (see *supra*), as well as *Century Distilling* (see fn. 8, *supra*). In *General Motors Corp.*, the judge refused to award attorney's fees, citing *Gold Dust Corp., Maternally Yours* has been cited in *United Auto Workers, supra*, fn. 8. Again we do not discuss district court citations.

Baker v. Simmons Company, supra, fn. 9 was an action for trademark infringement and unfair competition. The Court of Appeals for the First Circuit upheld a large award of attorney's fees, but reversed in other respects. As to the attorney's fees, the court says: (325 F.2d at 583)

"Finally, there is more than sufficient authority for the allowance of counsel fees in Lanham Act actions where the defendant is found guilty of fraud and palming-off. *Wolfe v. National Lead Company*, 272 F.2d 867 (9th Cir. 1959); *Keller Products v. Rubber Linings Corp.*, 213 F.2d 382 (7th Cir. 1954); *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517 (2d Cir. 1953)."

All of the cited cases have been discussed in this opinion. *Baker* has not yet been cited on this point.¹¹

[fol. 302] The reader may have observed a certain circularity in the judicial process by which this line of authority grew up. It began with a rather casual holding, citing no prior authority, in *Aladdin, supra*. That case is then cited and followed, without discussion, by the seventh circuit in *Keller* in 1954, by this court in *National Van Lines* and by the second circuit in *Maternally Yours* in 1956, by the fourth circuit in *United Auto Workers* (a different sort of case) in 1962, and by this court in 1962, in

¹¹ We have quoted above, in each case, everything that each court said about the problem. It will be noted that no case really discusses it. In every case, the court simply made a ruling. Perhaps this is because, in each case, the court devoted most of its attention to the merits, and then passed upon the attorney's fee question as a mere incident, disposing of it in a "clean up" paragraph at or near the end of its opinion.

High Fidelity Recordings, Inc., (*supra*, fn. 7). Meanwhile, in 1953, along comes *Admiral*, again a decision without discussion, not supported by the cases that it cites. Yet it is then cited by this court in *National Van Lines* and *High Fidelity Recordings, Inc.*, by the seventh circuit, in *Keller*, by the fourth circuit in *United Auto Workers*, by the second circuit in *Maternally Yours*, and by the first circuit in *Baker*. The subsequent cases cite such of others as had then been decided. Thus the second circuit could say, in *Maternally Yours*, that "it is now settled," and the first could say, in *Baker*, that there is "more than sufficient authority." Yet in order to say that the question is "settled," the second circuit also had to say that its own contrary prior decision had been "overruled *sub silentio*" by *Admiral*.¹²

That prior decision in *Gold Dust Corporation v. Hoffenberg*, 2 Cir., 1937, 87 F.2d 451. It is the one Court of Appeals opinion that considers the question with any care, and it holds, in substance, and after a rather lengthy analysis of the authorities, that attorney's fees are not recoverable in a trademark infringement case because the statute does not provide for them. This case is not cited in any of the cases, except *Maternally Yours*, that have allowed the award of such fees. It appears to us to be the one real "authority" on the point, and we think that it was correctly decided. It is also interesting, and almost incredible, that none of the other cases even mentions the general rule that attorney's fees are not recoverable, or the specific decisions of the Supreme Court in *Teese v. Huntingdon* and *Philp v. Nock*, *supra*, fn. 2, holding that such fees are not allowable in patent cases. We conclude, then, that the authorities are neither so old nor so [fol. 303] numerous, and particularly that they are not so well considered, as to require that we follow them.

¹² The "*silentio*" in *Admiral* was profound. Not only was *Gold Dust* not cited, the question was not discussed, and the authorities cited do not support the decision.

Appellees cite *Sprague v. Ticonic Bank*, 1939, 307 U.S. 161. There Mr. Justice Frankfurter, speaking of an award of counsel fees, held that:

"Allowance of such costs in appropriate situations is part of the historic equity jurisdiction of the federal courts. The suits 'in equity' of which these courts were given 'cognizance' ever since the First Judiciary Act, constituted that body of remedies, procedures and practices which theretofore had been evolved in the English Court of Chancery, subject, of course, to modifications by Congress, e.g., *Michaelson v. United States*, 266 U.S. 42. The sources bearing on eighteenth-century English practice—reports and manuals—uniformly support the power not only to give a fixed allowance for the various steps in a suit, what are known as costs 'between party and party,' but also as much of the entire expenses of the litigation of one of the parties as fair justice to the other party will permit, technically known as costs 'as between solicitor and client.' To be sure, the usual case is one where through the complainant's efforts a fund is recovered in which others share. Sometimes the complainant avowedly sues for the common interest while in others his litigation results in a fund for a group though he did not profess to be their representative. The present case presents a variant of the latter situation."

.

... "As in much else that pertains to equitable jurisdiction, individualization in the exercise of a discretionary power will alone retain equity as a living system and save it from sterility." In the actual exercise of the power to award costs 'as between solicitor and client' all sorts of practical distinctions have been taken in distributing the costs of the burden of the litiga-

tion. . . . In any event such allowances are appropriate only in exceptional cases and for dominating reasons of justice. But here we are concerned solely with the power to entertain such a petition." (Pp. 164-66, 167)

As the foregoing quotation indicates, the case before the Court dealt with a situation in which plaintiff's action re-[fol. 304] dounded to the benefit of others, and it only held that, in such a case, she could be awarded attorney's fees. The language of the opinion, however, does indicate a broader power, and could be used to support the power to award fees such as this.¹³ Here, the suit is for an injunction and damages, and is thus, at least as to the injunctive phase, a suit in equity. But it is in substance an action in tort, and we cannot see anything so peculiarly heinous about this tort as to justify the use of the "historic equity jurisdiction" to award attorney's fees to the plaintiff. We note, too, that in his opinion in *Sprague* Mr. Justice Frank-

¹³ *Sprague* has been frequently cited, but usually in cases having closely analogous facts. *Bakery & Confectionery Workers v. Ratner*, D.C. Cir., 1964, 335 F.2d 691; *Milone v. English*, D.C. Cir., 1962, 306 F.2d 814; *Walsh v. National Savings & Trust Co.*, D.C. Cir., 1957, 247 F.2d 781; *United States v. Anglin & Stevenson*, 10 Cir., 1944, 145 F.2d 622; *O'Hara v. Oakland County*, 6 Cir., 1943, 136 F.2d 152. Fees have been disallowed on its authority when no common fund was created. *Whittier v. Enimet*, D.C. Cir., 1960, 281 F.2d 24; *Carlisle, Brown & Carlisle v. Carolina Scenic Stages*, 4 Cir., 1957, 242 F.2d 259. It has been relied upon in cases involving many small claims, such that, individually they would not justify separate suits. *Bakery & Confectionery Workers v. Ratner*, *supra*; *Rolax v. Atlantic Coast Line R. Co.*, 4 Cir., 1951, 186 F.2d 473; *Schauffler v. United Association of Journeymen*, 3 Cir., 1957, 246 F.2d 867. In two cases it has been cited when the court disallowed claimed items of costs not provided for by statute. *Specialty Equip. & Mach. Corp. v. Zell Motor Car Co.*, 4 Cir., 1952, 193 F.2d 515; *Swan Carburetor Co. v. Chrysler Corp.*, 6 Cir., 1945, 149 F.2d 476. Only one case has cited *Sprague* in a case comparable to the present one, *Carter Prods., Inc. v. Colgate Palmolive Co.*, D. Md., 1963, 214 F. Supp. 383, and that was a patent case, where the statute does provide for the recovery of attorney's fees.

further does not mention any of the cases cited in footnote 2, *supra*, much less either overrule or limit them. He was dealing with a rather special type of situation, and we do not think that this case is of that type.

We hold that attorney's fees are not recoverable in trademark infringement cases under the Lanham Act, primarily because the Congress has not provided for them. We do not think that such cases are among the exceptional ones of which Mr. Justice Frankfurter spoke in *Sprague v. Ticonic Bank, supra*. We do not think that we should create an exception when Congress has legislated so fully in the area, [fol. 305] and has not provided for attorney's fees. We overrule *Wolfe*, to that extent, and limit *National Van Lines* to its actual holding, as to the correctness of which we express no opinion.

Reversed with directions to deny appellee's request for attorney's fees.

[fol. 306]

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 20,748

MAIER BREWING COMPANY, a Corp., et al., Appellants,

vs.

THE FLEISCHMANN DISTILLING CORP., Appellee.

MAIER BREWING COMPANY, a Corp., et al., Appellants,

vs.

JAMES BUCHANAN & Co., LTD., Appellee.

Appeal from the United States District Court for the
Northern District of California, Southern Division.

JUDGMENT—Filed and entered March 16, 1966

This Cause came on to be heard on the Transcript of the
Record from the United States District Court for the North-
ern District of California, Southern Division, and was duly
submitted.

On Consideration Whereof, It is now here ordered and
adjudged by this Court, that the judgment of the said Dis-
trict Court in this Cause be, and hereby is reversed, with
directions to deny appellee's request for attorney's fees.

Filed and entered March 16, 1966.

[fol. 307] Clerk's Certificate to foregoing transcript
(omitted in printing).

[fol. 308]

SUPREME COURT OF THE UNITED STATES

No. 214—October Term, 1966

THE FLEISCHMANN DISTILLING CORPORATION, et al.,
Petitioners,

v.

MAIER BREWING COMPANY, et al.

ORDER ALLOWING CERTIORARI—October 10, 1966

The petition herein for a writ of certiorari to the United States Court of Appeals for the Ninth Circuit is granted, and the case is placed on the summary calendar.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

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SUPREME COURT, U. S.

FILED

JUN 9 1968

JOHN F. DAVIS, CLERK

**In the Supreme Court of the
United States**

OCTOBER TERM, 1965

No. ~~1-8-8~~ 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

vs.

MAIER BREWING COMPANY, a corporation,
and RALPHS GROCERY COMPANY, a corporation,

Respondents.

**Petition for Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit**

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San Francisco, California 94104

Attorney for Petitioners

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In the Supreme Court of the United States

OCTOBER TERM, 1965

No.

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

vs.

MAIER BREWING COMPANY, a corporation,
and RALPHS GROCERY COMPANY, a corporation,

Respondents.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

The Fleischmann Distilling Corporation ("Fleischmann") and James Buchanan & Company, Limited ("Buchanan") pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered on March 16, 1966.

OPINION BELOW

The opinion of the Court of Appeals does not yet appear in the Federal Reporter but is reported in 149 U.S.P.Q. 89 and is

printed as an appendix to this petition.¹ There is no opinion by the District Court on the phase of the case now presented. Earlier opinions relating to the issue of trademark infringement are reported in 196 F.Supp. 401 (1961), *rev'd* 314 F.2d 149 (1963), *cert. denied*, 374 U. S. 830 (1963).

JURISDICTION

As the decision of the Court of Appeals was entered March 16, 1966, this petition is timely. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

1. a) In a suit in equity under the Lanham Act to enjoin trademark infringement, is a federal court without power in any circumstance whatever to make an award, against the infringer, of the successful plaintiff's attorney's fees and litigation expenses?

b) Is a federal court's equity power to award attorney's fees limited to a suit wherein a common fund is recovered?

2. If a federal court is not powerless, regardless of the circumstances, to make such an award, is not an award warranted by the circumstances that the infringer has acted knowingly and with deliberate purpose to purloin the good will of the trademark owner and in persistent defiance of the owner's known rights?

STATUTE INVOLVED

The statute involved is § 35 of the Lanham (Trademark) Act, 15 U.S.C. § 1117 (Act of July 5, 1946, c. 540, Tit. VI, § 35; 60 Stat. 439) which provides:

"When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and

1. References in this petition to the opinion are to the pages of the appendix.

1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

STATEMENT

Since almost the beginning of the century petitioner Buchanan and its predecessors have marketed in the United States a Scotch whisky of their blending under the "Black & White" name, registered as their trademark in the United States Patent Office in 1908 and in California in 1911. Petitioner Fleischman has been the sole importer of that whisky into the United States since 1948. In 1956 respondent Maier Brewing Company ("Maier") began to sell to respondent Ralphs Grocery Company ("Ralphs"), and the latter began to resell, beer under the label "Black & White".

After the respondent rejected requests made in 1957 for discontinuance of use of the name "Black and White", Fleischmann as plaintiff and Buchanan as plaintiff in intervention sued in the District Court for trademark infringement under federal and state law and for unfair competition under state law.² From a judgment for Maier and Ralphs (196 F.Supp. 401) petitioners appealed.

2. The District Court also had diversity jurisdiction.

The Court of Appeals accepted the trial court's findings that Black & White Scotch whisky was "widely known" and "the leader among Scotch whiskies" and that "in the alcoholic beverage industry the name 'Black and White' has come to mean Scotch whisky" (314 F.2d 149, 151). The Court of Appeals further found that Maier and Ralphs had "deliberately adopted the name" Black & White, that their "only possible purpose could have been to capitalize upon the popularity of the name chosen," that there was "not only a knowledgeable adoption of the name, but also an insistence on continuation of the imitation after notice to stop," and that the "only rational explanation for the insistence on using Black & White was to trade on the other Black & White's good will." (*Id.* at 151, 157-58). The Court of Appeals also held that Maier and Ralphs had acted in bad faith, *i.e.*, that a finding of "good faith" was "clearly erroneous". (*Id.* at 157). The Court of Appeals therefore reversed the judgment and remanded the case to the District Court with directions to enter judgment in accordance with the opinion. A petition for rehearing was denied (*ibid.*), and this Court denied certiorari (374 U.S. 830).

On remand the District Court found and adjudged:

"Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product. Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good-will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants

refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein." (2 R. 15, 16)³

The judgment then entered by the District Court (1) enjoined respondents from using the name "Black & White", (2) adjudged that petitioners are entitled to recover from defendants a reasonable amount for attorneys' fees and litigation expenses incurred in this Court, the United States Court of Appeals for the Ninth Circuit and the United States Supreme Court," (3) set a date for a hearing to determine the amount, and (4) ordered an accounting of profits (2 R. 16-18). After a full hearing the District Court fixed the reasonable amount of attorney's fees to be paid as \$60,000. (2 R. 41, 42).

From this award respondents appealed to the Court below. After a submission of nearly 7 months to a panel of that court, the cause was ordered to be reheard by the court *en banc*.⁴ Thereafter the court *en banc* dismissed the appeal as premature but suggested that the District Court certify an interlocutory appeal under 28 U.S.C. § 1292(b). This was done, a new appeal was taken (App. 2), and on March 16, 1966 the Court below reversed the award of attorney's fees. It did so on the ground that a federal court is utterly without power under the Lanham Act to make such an award in any circumstances, stating (App. 17):

"We hold that attorney's fees are not recoverable in trademark infringement cases under the Lanham Act, primarily because the Congress has not provided for them."

3. The record brought up to this Court from the court below consists of the several volumes, separately paged. The notation "1 R." refers to Volume One.

4. By virtue of this resubmission *en banc*, Judge Walter Pope, retired, former Chief Judge of the Circuit, who had written the opinion on the first appeal (314 F.2d 149) and was one of the panel of three first hearing the second appeal, did not sit.

REASONS FOR GRANTING THE WRIT

On a question of wide and general importance, the decision below conflicts with the decisions of all other Courts of Appeals that have passed on precisely the same matter and is in conflict with the basic principles enunciated by this Court about the powers of federal courts in equity. Four other Circuits have considered the power of a court of equity to award to the successful plaintiff, in a trademark infringement case under the Lanham Act, reasonable attorney's fees, and all have sustained the power, as did the Ninth Circuit itself in prior decisions which it now expressly overrules.

THE FIRST CIRCUIT

Baker v. Simmons Company, 325 F.2d 580, 583 (1963):

"... there is more than sufficient authority for the allowance of counsel fees in Lanham Act actions where the defendant is found guilty of fraud and palming-off."

THE SECOND CIRCUIT

Admiral Corp. v. Penco, Inc., 203 F.2d 517, 521 (1953):

"The permanent injunction and the counsel fees awarded plaintiff were fully justified."

Maternally Yours v. Your Maternity Shop, 234 F.2d 538,

545 (1956): "It is now settled that counsel fees may be awarded to the successful litigant in trade-mark infringement cases when there is a finding of fraud."

Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.,

349 F.2d 389, 391 (1965), *cert. denied*, 383 U.S. 942 (1966).

THE THIRD CIRCUIT

Century Distilling Co. v. Continental Distilling Corp.,

205 F.2d 140, 149, *cert. denied*, 346 U.S. 900 (1953):

"It would seem that such expenses [litigation expenses] may be allowed as damages in an infringement suit if there is a showing of fraud."

THE SEVENTH CIRCUIT

Aladdin Mfg. Co. v. Mantle Lamp Co. of America, 116 F.2d 708, 717 (1941) (Federal Trademark Act of 1905): "Counsel's fees necessitated by the tort have been said in some instances to be recoverable as part of the compensatory damages and in other cases as a part of exemplary damages. As the master's finding of wilful and fraudulent conduct is sustained by the evidence, this sum was recoverable as compensatory damages and hence properly included in the amount recommended by him."

Keller Products, Inc. v. Rubber Linings Corp., 213 F.2d 382, 388 (1954).

THE NINTH CIRCUIT

National Van Lines v. Dean, 237 F.2d 688, 694^o (1956): "Since we have found appellee's acts to have been wilful and calculated to trade upon appellant's good will, the latter is entitled to recover its actual and reasonable attorney's fees incurred in this litigation."

Wolfe v. National Lead Company, 272 F.2d 867, 873 (1959): "In the light of the judicial determination that the infringement was deliberate and fraudulent, this allowance was proper."

Each of these nine decisions was a trademark case. In all but one, attorney's fees were awarded, the amount ranging as high as \$143,833.00 in the *Baker* case in the First Circuit. The one

exception was *Century Distilling* in the Third Circuit, where the court upheld the power to make such an award but declined to upset the trial court's discretion in denying attorney's fees in the absence of fraud or other grounds for such action (205 F.2d 140, 149). Decisions of two other Circuits are relevant, although not trademark cases, viz.:

THE FOURTH CIRCUIT

United Auto Workers v. American Brake Shoe Co., 298 F.2d 212, 215 (1962), *cert. denied* 369 U.S. 873 (1962), where, in upholding the power to award attorney's fees in a suit in equity under the Labor Management Relations Act, the Court relied on federal trademark cases as authority, particularly the very decisions of the Ninth Circuit the latter now rejects.

THE SIXTH CIRCUIT

Hagemeyer Chemical Co. v. Insect-O-Lite Co., 291 F.2d 696 (1961), affirming an award of fees where unfair competition but not trademark infringement was found and enjoined.⁵

Acknowledging the square conflict with other Circuits, the Court below reviewed and expressly rejected each of the nine Court of Appeals decisions in trademark cases (App. 9-14), stating (App. 15):

"We conclude, then, that the authorities are neither so old nor so numerous, and particularly that they are not so well considered, as to require that we follow them."

5. In a trademark infringement case in a District Court in the Sixth Circuit attorney's fees and litigation expenses were awarded. *National Dairy Products Corp. v. Willever*, 139 U.S.P.Q. 443 (E.D. Mich. 1963). Fees were also awarded in a trademark infringement case in a District Court in the Fifth Circuit. *Youthform Co. v. R. H. Macy & Co.*, 153 F.Supp. 87, 95 (N.D. Ga. 1957). The question does not seem to have been touched on in any reported opinion of any court in the three remaining circuits.

Of its own two prior decisions, the Court said:

"*Wolfe* * * * is expressly grounded on the Lanham Act and on *National Van Lines*, which does not differentiate, so far as attorney's fees are concerned, between the two grounds [unfair competition and trademark infringement]. Thus *Wolfe* is authority for the award here made,⁶ and it makes *National Van Lines* an authority on the same question. We must either follow them, limit or overrule them." (App. 5, 6)

* * * * *

"We overrule *Wolfe*, to that extent, and limit *National Van Lines* to its actual holding, as to the correctness of which we express no opinion." (App. 17)

Since every trademark infringement is also an act of unfair competition (*American Auto Ass'n. v. Spiegel*, 205 F.2d 771, 774 (2 Cir.), *cert denied*, 346 U.S. 887 (1953)), and since the present action was based on unfair competition as well as trademark infringement (see p. 3 and fn. 2) this disposition of the matter by the Court leaves a lacuna in its reasoning in reversing the award of attorney's fees.

The Court below felt (App. 14) that the only sound decision was Judge Manton's in *Gold Dust Corp. v. Hoffenberg*, 87 F.2d 451 (2d Cir. 1937). But that decision rested on the assertion that a court may no more award attorney's fees in equity than at law, which is directly contrary to what this Court held *two years later* in *Sprague v. Ticonic Nat'l Bank*, 307 U.S. 161 (1939), and reaffirmed in *Vaughan v. Atkinson*, 369 U.S. 527 (1962).

6. This statement recognizes that the word "fraud", which appears in some of these opinions, as it does in *Wolfe* itself, merely connotes conduct intentionally designed to trade upon the good will of the trademark owner, exactly the conduct found to exist in this case (p. 4, *supra*). See, e.g., *National Van Lines v. Dean*, 237 F.2d 688, 694 (9 Cir. 1956), and *Century Distilling Co. v. Continental Distilling Corp.*, 205 F.2d 140, 145 (3 Cir.), *cert. denied*, 346 U.S. 900 (1953). Attorney's fees have been allowed where the case was so close that an award of punitive damages by the District Court was reversed. *Keller Products, Inc. v. Rubber Linings Corp.*, 213 F.2d 382, 387-88 (7 Cir. 1954).

The Court of Appeals for the Second Circuit itself said in *Maternally Yours v. Your Maternity Shop*, 234 F.2d 538, 545 (1956), that it had long since overruled the *Gold Dust* case.

The Court below rested its disagreement with all the other decided cases primarily on the premise that the Lanham Act makes no provision for an award of attorney's fees. But this is an erroneous premise. Although fees are not referred to *ipsisima verba*, Section 35 of the Lanham Act (quoted on pp. 2, 3 above) provides that:

"Plaintiff shall be entitled . . . *subject to the principles of equity*, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and, (3) the costs of the action."
[Emphasis added]

Thereby Congress affirmed the power of a federal court to award attorney's fees and litigation expenses in Lanham Act cases. This is so because the "historic equity jurisdiction of the federal courts", of which they were given cognizance by the First Judiciary Act, 1 Stat. 73 (1789), and which they have ever since possessed, includes the "body of remedies, procedures and practices which theretofore had been evolved in the English Court of Chancery", except as modified by Congress. It therefore embraces the allowance of costs, including attorney's fees. This Court so held in *Sprague v. Ticonic National Bank*, 307 U.S. 161, 164 (1939) and in *Vaughan v. Atkinson*, 369 U.S. 527, 530 (1962).⁷

The opinion of the Court below becomes of even more concern to the body of jurisprudence because, stepping beyond trademark cases, it asserts that the historic equity power described in *Sprague* is confined to a case where a plaintiff's efforts have

7. The Lanham Act was enacted just five years after *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 707 (7 Cir. 1941) stated that counsel fees in trademark cases were recoverable (see p. 7, *supra*). It is inconceivable that this principle was repealed *sub silentio* rather than affirmed by the affirmation of the principles of equity.

resulted in recovery of a fund in which others share (App. 16). It confesses that the language in *Sprague* "does indicate a broader power, and could be used to support the power to award fees such as this" (App. 16), but asserts that in fact *Sprague* does not go so far. But *Sprague* plainly said that the case of recovery of a fund was but one example, albeit a common one, that it did not comprise the whole of the power, and that the foundation of the practice "is part of the original authority of the Chancellor to do equity in a particular situation" (307 U.S. at 166). And other Courts of Appeals, after careful examination of what *Sprague* held, have relied on it to support the general power of a federal court in equity to award attorney's fees in cases not involving a common fund. *United Auto Workers v. American Brake Shoe Co.*, 298 F.2d 212, 214 (4 Cir.) cert. denied, 369 U.S. 873 (1962); *Cleveland v. Second Nat'l. Bank & Trust Co.*, 149 F.2d 466, 469 (6 Cir.), cert. denied, 326 U.S. 775 (1945). In the *United Auto* case, the court notes that the rationale of *Sprague* "has found application in a variety of situations in subsequent cases," and cites the trademark and unfair competition cases as prime examples (298 F.2d at 214-15).

The Court below relies greatly (App. 7) on a supposed contrast of the Lanham Act with the Patent Code, in that the patent statutes provide, *ipsissima verba*, for award of attorney's fees in patent infringement cases (35 U.S.C. § 285).⁸ Citing *Teese v. Huntingdon*, 64 U.S. (23 How.) 2, 8-9 (1859) and *Philp v. Nock*, 84 U.S. (17 Wall.) 460 (1873), patent cases in which it was held that fees could not be awarded, the Court below asserts that it is "almost incredible, that none of the other [trademark] cases [allowing attorney's fees] . . . even mentions . . . *Teese v. Huntingdon* and *Philp v. Nock* . . ." (App. 9, 14, 15). But the Court fails to remark that *Teese v. Huntingdon* and *Philp*

8. First enacted, 60 Stat. 778.

v. Nock were not equity cases but actions at law for damages, tried by a jury, and that all this Court held was that "Counsel fees are not a proper element for the consideration of the jury in the estimation of damages in actions for the infringement of a patent right" (64 U.S. at 8; see also, 84 U.S. at 462). The patent statute allows attorney's fees even in an action at law (*Fischer & Porter Co. v. Brooks Rotomotor Co.*, 86 F.Supp. 502 (E.D. Pa. 1949)). The patent right is an exception to the policy against monopoly, it is purely a creature of statute, and the remedies for its vindication are what Congress prescribes. But a trademark is a mark of identification, of individuality. It is not a creature of Congress but is rooted in equitable principles. The remedies for its vindication spring from that body of Chancery practices imported by the Judiciary Act, and the trademark right is enforced as much for the protection of the public as the protection of the owner. Nothing in the patent history detracts from the inherent power of a court of equity in a trademark case.

The decision of the Court below subverts the power of federal courts of equity in every kind of suit. But even as respects a federal court's power to allow attorney's fees in a suit to enjoin a trademark infringement, the conflict among the Circuits that this decision creates should be resolved, for the question is of wide and general concern. As likely as not, a trademark infringer is larger and wealthier than the trademark owner and may rely on its longer purse to protect its piratical actions by drowning a plaintiff in the costs of litigation. In this age of massive use of communications, an enterprise may have as much invested in advertising and producing good will as in physical equipment. Good will may be its greatest property. With sensitive appreciation of this fact, until the present decision *all* courts having had occasion to deal with the precise question have recognized that adequate protection of this property against a deliberate purloiner warrants inclusion of reasonable attorney's fees and litiga-

tion expenses in the assessment of damages in a proper case. A denial of any power to award counsel fees may deter proper infringement litigation, which not only vindicates the rights of trademark owners but also protects the public from confusion and deception.

In *Vaughan v. Atkinson*, 369 U.S. 527 (1962), an award of attorney's fees was upheld as part of the damages in a suit for maintenance and cure because defendant's "callous" attitude and "recalcitrance", its "willful and persistent" default, forced the plaintiff to hire a lawyer and go to court to protect his rights. These are the very circumstances so often found in trademark infringers that have impelled the courts to award attorney's fees in trademark cases.

CONCLUSION

This case presents a square conflict among the Circuits on the question of the powers of a federal court of equity. That question, we submit, should be resolved by this Court. Since the Court below held that power to award attorney's fees in trademark litigation under the Lanham Act does not exist in any circumstances, we have confined this petition in the main to the question of power. We reserve more detailed consideration of the circumstances warranting an award to our brief following grant of the writ.

We respectfully submit that the writ should be granted.

Dated: San Francisco, California, June 6, 1966.

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(Appendix Follows)

Appendix

United States Court of Appeals For the Ninth Circuit

No. 20,748

Maier Brewing Company, a Corp., et al.,
Appellants,

vs.

The Fleischmann Distilling Corp.,
Appellee.

Maier Brewing Company, a Corp., et al.,
Appellants,

vs.

James Buchanan & Co., Ltd.,
Appellee.

[March 16, 1966]

Appeal from the United States District Court
for the Northern District of California
Southern Division

Before: Chambers, Barnes, Hamley, Jertberg, Merrill, Koelsch,
Browning, Duniway and Ely, Circuit Judges

Duniway, Circuit Judge:

Following this court's decision in *Fleischmann Distilling Corporation v. Maier Brewing Company*, 1963, 314 F.2d 149, the district court entered judgment pursuant to our mandate enjoin-

ing Maier Brewing Company from distributing, selling or offering for sale any alcoholic beverage labeled or named with the words "Black & White" not blended and bottled by James Buchanan & Company Limited. The judgment further recited that the plaintiffs (Fleischmann Distilling Corporation and James Buchanan & Company Limited) were entitled to recover from defendants (Maier Brewing Company and Ralphs Grocery Company) a reasonable amount for attorneys' fees and litigation expenses incurred in this suit in the district court, in the United States Court of Appeals, and in the United States Supreme Court, and fixed the time for hearing to determine the amount of such fees and expenses. Thereafter a hearing was held at which evidence on behalf of all parties was received, and the district court, on April 30, 1964, entered an order awarding plaintiffs, as attorneys' fees, the sum of \$60,000 and further sums by way of costs. Appellants have now appealed from that order.

Their first appeal, our No. 19,486, was held by us to be premature, the order not being a final judgment. The trial court then made its certificate, pursuant to 28 U.S.C. § 1292(b), that the order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation. We granted leave to appeal and the matter is now before us for decision on the merits.¹

It is contended that it was error for the district court to award any amount by way of attorneys' fees and litigation expenses and that, in any event, the amount awarded was excessive and not warranted by the record.

Two decisions of this court appear to support such an award: *National Van Lines v. Dean*, 9 Cir., 1956, 237 F.2d 688 and

1. The merits were fully argued on the first appeal. We ordered that the matter be submitted, without further argument, upon the briefs and record on file.

Wolfe v. National Lead Co., 9 Cir., 1959, 272 F.2d 867. *Wolfe* is in point here and relies on *National Van Lines*, but we are of the opinion that, insofar as these cases can be said to relate to an award of attorneys' fees in an action for trademark infringement under the Lanham Act (15 U.S.C. §§ 1051 ff.) they, or at least *Wolfe*, should be overruled.

National Van Lines was a case in which the plaintiff asserted three grounds for relief; infringement of a registered service mark, unfair competition, and breach of contract. The first rested upon federal law, the other two upon the law of California and diversity jurisdiction. The trial court entered judgment for the defendant. This court reversed, holding that the findings as to unfair competition were clearly erroneous, confining its decision to that ground, and further holding that monetary damages had not been proved, but that an injunction should issue. The opinion concludes as follows (p. 694):

"We make one exception from the ruling just announced. Since we have found appellee's acts to have been willful and calculated to trade upon appellant's good will, the latter is entitled to recover its actual and reasonable attorney's fees incurred in this litigation.⁸

8. *Aladdin Mfg. Co. v. Mantle Lamp Co.*, 7 Cir., 116 F. 2d 708; *Admiral Corp. v. Penco*, 2 Cir., 203 F.2d 517; *Keller Products, Inc. v. Rubber Linings Corp.*, 7 Cir., 213 F.2d 382, 47 A.L.R.2d 1108."

It will be noted that no consideration was given to whether the award of attorney's fees rested upon state law or upon federal law.

Wolfe cites and follows *National*. In that case, as here, there were two appeals. The action began as one for a declaratory judgment that *Wolfe's* use of a trademark did not infringe *National Lead Company's* registered mark. *National Lead* counter-claimed for infringement, a federal claim, and for unfair com-

petition, a state claim. Wolfe prevailed in the trial court. We reversed, 1955, 223 F.2d 195, holding that the mark "was one entitled to full protection both under the rules of the common law and under the federal acts" (p. 200). We relied specifically upon the Lanham Act (15 U.S.C. §§ 1051 ff.) As in *National Van Lines*, we held that the trial court's findings were clearly erroneous. (p. 201) We further held that Wolfe's "continued use of these names and the passing off of their products thereunder was intentionally false and misleading and done with a purpose on their part of deceiving prospective purchasers." (p. 202) We concluded that there was both trademark infringement and unfair competition under California law. (p. 205) We remanded with directions to dismiss Wolfe's complaint, to grant National Lead an injunction, to take an account of Wolfe's profits, and to determine National Lead's damages.

Thereafter, the trial court took an accounting and entered a judgment for damages and attorney's fees. It made findings as to intentional infringement consistent with the views stated by us in our first opinion. On Wolfe's appeal, we affirmed (272 F.2d 867). As to the award of attorney's fees, we said (p. 873):

"Finally Wolfe assigns as error the inclusion in the judgment of an allowance to appellee for counsel fees. In the light of the judicial determination that the infringement was deliberate and fraudulent, this allowance was proper. *National Van Lines v. Dean*, 9 Cir., 1956, 237 F.2d 688, 694."

The course of the present litigation is similar to that in *Wolfe*. The complaint was based upon both trademark infringement and unfair competition. Judgment was for the defendant Maier. We reversed. Our decision was based solely on the Lanham Act. (See 314 F.2d at 151-52) We said:

"We cannot conclude but that Maier deliberately adopted the name knowing that Black & White was the name and trademark of Buchanan and they must have done so with some purpose in mind. The only possible purpose could have

been to capitalize upon the popularity of the name chosen. This popularity, they must have known would extend to their product because the public would associate the name Black & White with something old and reliable and meritorious in the way of an alcoholic beverage." (314 F.2d at 157) * * * *

"But when the evidence does show or require the inference that another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built up, then the inference of likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit." (314 F.2d at 158)

The judgment of the district court, entered pursuant to our mandate, found and concluded as follows: "Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product. Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein."

We might distinguish *National Van Lines* on the ground that it rests upon California law of unfair competition. *Wolfe*, however, is expressly grounded on the Lanham Act and on *National Van Lines*, which does not differentiate, so far as attorney's fees are concerned, between the two grounds. Thus *Wolfe* is au-

thority for the award here made, and it makes *National Van Lines* an authority on the same question. We must either follow them, limit or overrule them.

We start with the long established principle that a successful party cannot, in an ordinary action at law or in equity, recover his attorney's fees incurred in the action, unless such recovery is provided for by statute or contract. It makes no difference whether such a recovery be denominated costs or damages or something else. This has long been the rule in the federal courts,² and in the courts of California.³ This court has recognized and applied the rule.⁴ And we note particularly that the rule has been applied by the Supreme Court in patent cases. (*Teese v. Huntingdon*, *supra*, fn. 2, *Philp v. Nock*, *supra*, fn. 2)

The rule is stated in *Oelrichs v. Spain*, 1872, 82 U.S. (15 Wall.) 211, 231:

"In debt, covenant and assumpsit damages are recovered, but counsel fees are never included. So in equity cases, where there is no injunction bond, only the taxable costs are allowed to the complainants. The same rule is applied to the defendant, however unjust the litigation on the other

2. *Arcambel v. Wiseman*, 1796, 3 U.S. (3 Dallas) 306; *Day v. Woodworth*, 1851, 54 U.S. (13 How.) 363, 370-72 (trespass); *Teese v. Huntingdon*, 1859, 64 U.S. (23 How.) 2, 8-9 (patent infringement); *Oelrichs v. Spain*, 1872, 82 U.S. (15 Wall.) 211, 230-31 (damages under injunction bond); *Flanders v. Tweed*, 1872, 82 U.S. (15 Wall.) 450, 452-53 (trover); *Philp v. Nock*, 1873, 84 U.S. (17 Wall.) 460 (patent infringement); *Stewart v. Sonneborn*, 1878, 98 U.S. 187, 197 (malicious prosecution). See also: *Missouri Pacific Ry. Co. v. Larrabee*, 1914, 234 U.S. 459; *Tullock v. Mulvane*, 1902, 184 U.S. 497; *Rude v. Buchhalter*, 1932, 286 U.S. 451, 459-61 (claimant to fund denied fees; stockholder allowed fees from fund).

3. *Griggs v. Board of Trustees*, 1964, 389 P.2d 722; 37 Cal. Rptr. 194, 61 Cal.2d 93; *Prentice v. North Am. Title Guaranty Corp.*, 1963, 381 P.2d 645, 30 Cal. Rptr. 821, 59 Cal.2d 618. There are a multitude of California decisions to the same effect.

4. *Mutual Ben. Health & Accident Ass'n. v. Moyer*, 9 Cir., 1938, 94 F.2d 906. There are a great many decisions of the courts of appeals to the same effect. See 20 West's Federal Digest, Costs, § 172; 12 West's Modern Federal Practice Digest, Costs, § 172; 27 West's Federal Digest, Damages, §§ 70-72; 19 West's Modern Federal Digest, Damages, §§ 70-72.

side, and however large the *expensa litis* to which he may have been subjected. The parties in this respect are upon a footing of equality. There is no fixed standard by which the *honorarium* can be measured. Some counsel demand much more than others. Some clients are willing to pay more than others. More counsel may be employed than are necessary. When both client and counsel know that the fees are to be paid by the other party there is danger of abuse. A reference to a master, or an issue to a jury, might be necessary to ascertain the proper amount, and this grafted litigation might possibly be more animated and protracted than that in the original cause. It would be an office of some delicacy on the part of the court to scale down the charges, as might sometimes be necessary.

"We think the principle of disallowance rests on a solid foundation, and that the opposite rule is forbidden by the analogies of the law and sound public policy."

There is no provision for the recovery of attorney's fees in the Lanham Act. Yet Congress has known how to provide for such a recovery when it wished to do so. It has so provided in patent cases (35 U.S.C. § 285), limiting the right to "exceptional cases." It has made similar provision in the field of copyright. (17 U.S.C. § 116; 1(e).) Patent and copyright infringement suits are in many ways similar to trademark infringement cases, yet Congress has not provided for attorney's fees in trade mark cases. We can hardly say that this was inadvertent,⁵ and that the courts

5. There are many other statutes, most of them of a regulatory character, in which Congress has provided for the recovery of attorney's fees, usually as an incentive to the injured party to aid in the enforcement of the Act, e.g., Antitrust laws, 15 U.S.C. §§ 15, 72; Acts dealing with the regulation of securities, securities dealers, trust indentures, etc., 15 U.S.C. §§ 77k(e) 77ooo(e), 77www(a), 78i(e); Interstate Commerce Commission Act, 49 U.S.C. § 16(2); Perishable Agricultural Commodities Act, 7 U.S.C. § 499g(b); Packers and Stockyards Act, 7 U.S.C. § 210(f); Water Carriers, 49 U.S.C. § 908(b); see also 28 U.S.C. §§ 1346(b), 2678, relating to the Federal Tort Claims Act; 22 U.S.C. § 1623(f) and 50 U.S.C. App. § 1985—international and Japanese evacuation claims. See Note 8 L. Ed.2d 894 at pp. 922-32.

should fill the gap by establishing, contrary to the usual rule, a right that Congress has not conferred.

Moreover, Congress has provided a different means whereby parties injured by trademark infringement can be compensated when it is difficult or impossible to prove actual pecuniary loss. Section 1117 of Title 15, U.S.C. provides for the recovery of defendant's profits, plaintiff's damages, and costs. It then provides:

"In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

Having given the court so broad an authority to award damages in excess of those proved, the Congress may well have felt—as we do—that it would be piling Pelion on Ossa to provide for attorney's fees as well.⁶ Neither the Copyright Act (17 U.S.C.) nor the patent law (35 U.S.C.) contains a similar provision. If attorney's fees can be awarded in addition to the award permitted by section 1117, there is grave danger of duplication of damages,

6. No helpful legislative history has been brought to our attention. It is clear, however, that the Lanham Act—and the preceding copyright laws—have had a great deal of congressional attention. See S. Rep. 1333, p. 6, 79th Cong., 2d Sess. (1946), which gives a summary of bills introduced prior to the Lanham Act. We find no discussion of the question of attorney's fees. Since the adoption of the Act in 1946 (60 Stat. Ch. 540, p. 427 ff.), there have been at least two bills introduced that would have provided for a recovery of attorney's fees (S. 2540, 83rd Cong., 1st Sess., S. Rep. 2266, 83rd Cong., 2d Sess., which passed the Senate but not the House, and H. R. 7734, 84th Cong., 1st Sess., on which no action was taken). This, however, is the weakest kind of legislative history. We do not rely on it.

as a practical matter. (Cf. *Day v. Woodworth*, 1851, 54 U.S. (13 How.) 363, 372)

Two of the decisions of the Supreme Court cited in footnote 2, *supra*, (*Teese v. Huntingdon*, and *Philp v. Nock*), seem to us very nearly to compel the result that we reach. Each holds that attorney's fees cannot be recovered in a patent infringement suit. Congress has overruled them in part, by providing for such a recovery "in exceptional cases," and this court has carefully adhered to the limitation imposed by Congress. (*Park-In-Theatres, Inc. v. Perkins*, 9 Cir., 1951, 190 F.2d 137) We can see no such difference between trademark infringement and patent infringement as to justify an award of attorney's fees in the former when Congress has not provided for it. Neither *National Van Lines* nor *Wolfe* considers these cases, or discusses the problem that they pose. They are old cases, but they have never been questioned by the Supreme Court and would presumably still be good law if Congress had not intervened.

It seems clear that, under the standards laid down by us in *Park-In-Theatres, supra*, the award here involved would not be proper even if the Lanham Act contained the same provision for the recovery of attorney's fees as does the Patent Law. Yet here the defendant, whose case was good enough to convince an experienced trial judge that it should win, now finds itself subject to a judgment for over \$60,000 for the plaintiffs' attorney's fees, on the theory that defendant should not have defended the lawsuit in the first place.

There still remains the question as to whether the authorities supporting an award of attorney's fees in a case like this are so numerous, of such long standing, and so well considered, that we ought not now to announce a contrary rule. We turn, then, to the cases. *National Van Lines* is now nine years old. *Wolfe* cites nothing but *National Van Lines*, and is six years old.⁷

7. *High Fidelity Recordings, Inc. v. Audio Fidelity, Inc.*, 9 Cir., 1962, 305 F.2d 86 relies primarily on *National Van Lines*. It was an action

Wolfe, we think, is good authority only if *National Van Lines* is. The latter cites three cases, which we now consider.

Aladdin Mfg. Co. v. Mantle Lamp Co., 7 Cir., 1941, 116 F.2d 708, the oldest of the cases, has been on the books for 24 years, and has been cited and relied upon by this and other circuits.⁸ It was a trademark case, under the statutes (former 15 U.S.C. §§ 99, 96) then in force. The opinion covers 7 pages of the Federal Reporter. It deals with an accounting for profits, damages, and exemplary damages. In discussing the latter, it says (p. 717):

"In the present case, there was direct proof that because of the fraudulent and wilful infringement and unfair competition of appellee, appellant incurred legal expenses aggregating \$18,515.03. Counsel's fees necessitated by the tort have been said in some instances to be recoverable as a part of the compensatory damages and in other cases as a part of exemplary damages. As the master's finding of wilful and fraudulent conduct is sustained by the evidence, this sum was recoverable as compensatory damages and hence properly included in the amount recommended by him."

No authority is cited. The question whether the statute authorizes the award is not specifically discussed. The decision flies in the face of the cases cited in footnote 2, *supra*. We think that the case has nothing to recommend it as authority on the point before us, except its age, if that be a recommendation.

Admiral Corp. v. Penco, 2 Cir., 1953, 203 F.2d 517, was a trademark case in which the trial court found infringement,

for unfair competition under California law. It was not a trademark case. We need not consider whether it correctly applied California law.

8. *National Van Lines and High Fidelity Recordings, Inc.* in this circuit, and *Keller Products, Inc. v. Rubber Linings Corp.*, 7 Cir., 1954, 213 F.2d 382, discussed in this opinion; *United Auto Workers v. American Brake Shoe Co.*, 4 Cir., 1962, 298 F.2d 212, an action under section 301 of the Labor Management Relations Act (29 U.S.C. § 185(a)); *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 2 Cir., 1956, 234 F.2d 538, a Lanham Act case; *Century Distilling Co. v. Continental Distilling Corp.*, 3 Cir., 1953, 205 F.2d 140 (case not followed—cited *semble*). We do not list the few District Court actions.

granted an injunction, awarded attorney's fees, but denied damages or an accounting for profits. On appeal, this judgment was affirmed. In its opinion, the court discussed jurisdiction, the merits of the case, a motion by defendant for continuance pending certain matters in the patent office, and the right to an accounting. As to attorney's fees, the court said (p. 521):

"The permanent injunction and the counsel fees awarded plaintiff were fully justified."

* * * *

"Since, however, the plaintiff had to defend in this court to preserve its patently just judgment, it will be awarded appellate costs, together with additional attorney's fees of \$500. *R.F.C. v. J.G. Menihan Corp.*, 312 U.S. 81, 85, 61 S.Ct. 485, 85 L.Ed. 595; *Century Distilling Co. v. Continental Distilling Corp.*, D.C.E.D. Pa., 102 F.Supp. 39."

Again, there is no discussion of whether an award of attorney's fees is proper in a Lanham Act case. The *R.F.C.* case does not touch the question. It holds that costs can be awarded against the *R.F.C.*, a government corporation. *Century Distilling Co.*, a District Court case, refused an award of counsel fees, and Chief Judge Kirkpatrick expressed doubt as to the soundness of *Aladdin* and as to his power to make an award. His decision was affirmed (see footnote 8, *supra*). Of such materials are authorities sometimes constructed.⁹

Keller Products, Inc. v. Rubber Linings Corp., 7 Cir., 1954, 213 F.2d 382, is the third case cited in *National Van Lines*. It was an action for trademark infringement and unfair competition. A judgment for the plaintiff, awarding \$1,500 punitive damages and \$1,500 attorney's fees, was modified by striking the award

9. The writer has an uncomfortable feeling that on occasion he may have done the same thing. *Admiral Corp.*, too, has been cited in other cases; *High Fidelity Recordings, Inc.*, *supra*, fn. 7; *Baker v. Simmons Co.*, 1 Cir., 1963, 325 F.2d 580, which also cites *Wolfe* and *Keller*; *United Auto Workers*, *supra*, fn. 8; *Maternally Yours, Inc.*, *supra*, fn. 8. Again, we do not list District Court citations.

of punitive damages. The court considered the merits at length, and held that punitive damages were not properly awarded because the case was not "an extreme case" of "willful and wanton infringement." As to attorney fees, it said (p. 388):

"The allowance of \$1,500 attorney fees is in a somewhat different category. As pointed out by this court, in the *Aladdin* case, *supra*, 116 F.2d at page 717, 'Counsel's fees necessitated by the tort have been said in some instances to be recoverable as a part of the compensatory damages and in other cases as a part of exemplary damages.' In the case at bar the trial court assessed only a part of the attorney fees incurred by plaintiff in this action. We think the allowance of \$1,500 to cover part of plaintiff's litigation expenses was proper as compensatory damages."

We suggest that this is no better authority than *Aladdin*.¹⁰

National Van Lines has been cited once on the matter of attorney's fees, by another Court of Appeals, in *United Auto Workers, supra*, fn. 8. That case arose under the L M R A; it hardly adds to the stature of *National Van Lines* as authority under the Lanham Act. *Wolfe* has likewise been cited by other Courts of Appeals—in *United Auto Workers, supra*, fn. 8, and in *Baker, supra*, fn. 9.

There are other decisions by Courts of Appeals in accord with *National Van Lines* and *Wolfe*. One is *Maternally Yours, Inc. v. Your Maternity Shop, supra*, fn. 8. Plaintiff there invoked both the Lanham Act and the New Jersey law of unfair competition. Judgment was for the plaintiff on both theories, and an injunction, an accounting for profits, and attorney's fees were awarded. On the attorney fee question, the court said: (234 F.2d at 545)

"Defendant also objects to the inclusion in the interlocutory decree of a provision awarding counsel fees to the plaintiff.

It is now settled that counsel fees may be awarded to the

10. Like *Aladdin* and *Admiral*, *Keller* has progeny. It is cited in *High Fidelity Recordings, Inc., supra*, fn. 7; *Baker, supra*, fn. 9; *United Auto Workers, supra*, fn. 8; *Maternally Yours, Inc., supra*, fn. 8.

successful litigant in trade-mark infringement cases where there is a finding of fraud. *Keller Products, Inc. v. Rubber Linings Corp.*, 7 Cir., 1954, 213 F.2d 382; *Century Distilling Co. v. Continental Distilling Corp.*, supra; *Admiral Corp. v. Penco, Inc.*, supra; *Aladdin Mfg. Co. v. Mantle Lamp Co.*, 7 Cir., 1941, 116 F.2d 708; *General Motors Corp. v. Circulators & Devices Mfg. Corp.*, D.C.S.D.N.Y., 1946, 67 F. Supp. 745. *Gold Dust Corp. v. Hoffenberg*, 2 Cir., 1937, 87 F.2d 451, which is to the contrary, would appear to have been overruled *sub silentio* by *Admiral Corp. v. Penco, Inc.*, supra.

We have already commented on *Keller*, *Admiral* and *Aladdin*, (see supra), as well as *Century Distilling* (see fn. 8, supra). In *General Motors Corp.*, the judge refused to award attorney's fees, citing *Gold Dust Corp.*, *Maternally Yours* has been cited in *United Auto Workers*, supra, fn. 8. Again we do not discuss district court citations.

Baker v. Simmons Company, supra, fn. 9 was an action for trademark infringement and unfair competition. The Court of Appeals for the First Circuit upheld a large award of attorney's fees, but reversed in other respects. As to the attorney's fees, the court says: (325 F.2d at 583)

"Finally, there is more than sufficient authority for the allowance of counsel fees in Lanham Act actions where the defendant is found guilty of fraud and palming-off. *Wolfe v. National Lead Company*, 272 F.2d 867 (9th Cir. 1959); *Keller Products v. Rubber Linings Corp.*, 213 F.2d 382 (7th Cir. 1954); *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517 (2d Cir. 1953)."

All of the cited cases have been discussed in this opinion. *Baker* has not yet been cited on this point.¹¹

11. We have quoted above, in each case, everything that each court said about the problem. It will be noted that no case really discusses it. In every case, the court simply made a ruling. Perhaps this is because, in each case, the court devoted most of its attention to the merits, and then passed upon the attorney's fee question as a mere incident, disposing of it in a "clean up" paragraph at or near the end of its opinion.

The reader may have observed a certain circularity in the judicial process by which this line of authority grew up. It began with a rather casual holding, citing no prior authority, in *Aladdin*, *supra*. That case is then cited and followed, without discussion, by the seventh circuit in *Keller* in 1954, by this court in *National Van Lines* and by the second circuit in *Maternally Yours* in 1956, by the fourth circuit in *United Auto Workers* (a different sort of case) in 1962, and by this court in 1962 in *High Fidelity Recordings, Inc.* (*supra*, fn. 7). Meanwhile, in 1953, along comes *Admiral*, again a decision without discussion, not supported by the cases that it cites. Yet it is then cited by this court in *National Van Lines* and *High Fidelity Recordings, Inc.*, by the seventh circuit, in *Keller*, by the fourth circuit in *United Auto Workers*, by the second circuit in *Maternally Yours*, and by the first circuit in *Baker*. The subsequent cases cite such of others as had then been decided. Thus the second circuit could say, in *Maternally Yours*, that "it is now settled," and the first could say, in *Baker*, that there is "more than sufficient authority." Yet in order to say that the question is "settled," the second circuit also had to say that its own contrary prior decision had been "overruled *sub silentio*" by *Admiral*.¹²

That prior decision is *Gold Dust Corporation v. Hoffenberg*, 2 Cir., 1937, 87 F.2d 451. It is the one Court of Appeals opinion that considers the question with any care, and it holds, in substance, and after a rather lengthy analysis of the authorities, that attorney's fees are not recoverable in a trademark infringement case because the statute does not provide for them. This case is not cited in any of the cases, except *Maternally Yours*, that have allowed the award of such fees. It appears to us to be the one real "authority" on the point, and we think that it was correctly decided. It is also interesting, and almost incredible, that none of the other cases even mentions the general rule that attorney's fees are

12. The "*silentio*" in *Admiral* was profound. Not only was *Gold Dust* not cited, the question was not discussed, and the authorities cited do not support the decision.

not recoverable, or the specific decisions of the Supreme Court in *Teese v. Huntingdon* and *Philp v. Nock*, *supra*, fn. 2, holding that such fees are not allowable in patent cases. We conclude, then, that the authorities are neither so old nor so numerous, and particularly that they are not so well considered, as to require that we follow them.

Appellees cite *Sprague v. Ticonic Bank*, 1939, 307 U.S. 161. There Mr. Justice Frankfurter, speaking of an award of counsel fees, held that:

"Allowance of such costs in appropriate situations is part of the historic equity jurisdiction of the federal courts. The suits 'in equity' of which these courts were given 'cognizance' ever since the First Judiciary Act, constituted that body of remedies, procedures and practices which theretofore had been evolved in the English Court of Chancery, subject, of course, to modifications by Congress, e.g., *Michaelson v. United States*, 266 U.S. 42. The sources bearing on eighteenth-century English practice—reports and manuals—uniformly support the power not only to give a fixed allowance for the various steps in a suit, what are known as costs 'between party and party,' but also as much of the entire expenses of the litigation of one of the parties as fair justice to the other party will permit, technically known as costs 'as between solicitor and client.' To be sure, the usual case is one where through the complainant's efforts a fund is recovered in which others share. Sometimes the complainant avowedly sues for the common interest while in others his litigation results in a fund for a group though he did not profess to be their representative. The present case presents a variant of the latter situation."

* * * *

... "As in much else that pertains to equitable jurisdiction, individualization in the exercise of a discretionary power will alone retain equity as a living system and save it from sterility. In the actual exercise of the power to award costs 'as between solicitor and client' all sorts of practical distinc-

tions have been taken in distributing the costs of the burden of the litigation. . . . In any event such allowances are appropriate only in exceptional cases and for dominating reasons of justice. But here we are concerned solely with the power to entertain such a petition." (Pp. 164-66, 167)

As the foregoing quotation indicates, the case before the Court dealt with a situation in which plaintiff's action redounded to the benefit of others, and it only held that, in such a case, she could be awarded attorney's fees. The language of the opinion, however, does indicate a broader power, and could be used to support the power to award fees such as this.¹³ Here, the suit is for an injunction and damages, and is thus, at least as to the injunctive phase, a suit in equity. But it is in substance an action in tort, and we cannot see anything so peculiarly heinous about this tort as to justify the use of the "historic equity jurisdiction" to award attorney's fees to the plaintiff. We note, too, that in his opinion in *Sprague* Mr. Justice Frankfurter does not mention any of the cases cited in footnote 2, *supra*, much less either overrule or limit them.

13. *Sprague* has been frequently cited, but usually in cases having closely analogous facts. *Bakery & Confectionery Workers v. Ratner*, D.C. Cir., 1964, 335 F.2d 691; *Milone v. English*, D.C. Cir., 1962, 306 F.2d 814; *Walsh v. National Savings & Trust Co.*, D.C. Cir., 1957, 247 F.2d 781; *United States v. Anglin & Stevenson*, 10 Cir., 1944, 145 F.2d 622; *O'Hara v. Oakland County*, 6 Cir., 1943, 136 F.2d 152. Fees have been disallowed on its authority when no common fund was created. *Whittier v. Emmet*, D.C. Cir., 1960, 281 F.2d 24; *Carlisle, Brown & Carlisle v. Carolina Scenic Stages*, 4 Cir., 1957, 242 F.2d 259. It has been relied upon in cases involving many small claims, such that, individually they would not justify separate suits. *Bakery & Confectionery Workers v. Ratner*, *supra*; *Rolax v. Atlantic Coast Line R. Co.*, 4 Cir., 1951, 186 F.2d 473; *Schauffler v. United Association of Journeymen*, 3 Cir., 1957, 246 F.2d 867. In two cases it has been cited when the court disallowed claimed items of costs not provided for by statute. *Specialty Equip. & Mach. Corp. v. Zell Motor Car Co.*, 4 Cir., 1952, 193 F.2d 515; *Swan Carburetor Co. v. Chrysler Corp.*, 6 Cir., 1945, 149 F.2d 476. Only one case has cited *Sprague* in a case comparable to the present one, *Carter Prods., Inc. v. Colgate Palmolive Co.*, D. Md., 1963, 214 F. Supp. 383, and that was a patent case, where the statute does provide for the recovery of attorney's fees.

He was dealing with a rather special type of situation, and we do not think that this case is of that type.

We hold that attorney's fees are not recoverable in trade-mark infringement cases under the Lanham Act, primarily because the Congress has not provided for them. We do not think that such cases are among the exceptional ones of which Mr. Justice Frankfurter spoke in *Sprague v. Ticonic Bank*, *supra*. We do not think that we should create an exception when Congress has legislated so fully in the area, and has not provided for attorney's fees. We overrule *Wolfe*, to that extent, and limit *National Van Lines* to its actual holding, as to the correctness of which we express no opinion.

Reversed, with directions to deny appellee's request for attorney's fees.

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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1966.

No. 1396

THE FLEISCHMANN DISTILLING CORPO-
RATION, a corporation, and JAMES
BUCHANAN & COMPANY, LIMITED,
Petitioners,

VS.

MAIER BREWING COMPANY, a corpora-
tion, and RALPHS GROCERY COMPANY,
a corporation,
Respondents.

On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Ninth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION

Respondents respectfully urge that the granting of the writ petitioners seek could serve no useful purpose and that such writ should be denied.

OPINION BELOW

The unanimous opinion of the United States Circuit Court of Appeals for the Ninth Circuit, sitting *en banc*; is reported in 359 F.2d 156 and is printed as the appendix to the petition herein.¹ No petition for rehearing was filed.

JURISDICTION

Jurisdiction of this Court is invoked under Title 28 of the United States Code Sec. 1254(1) and it is believed the petition is timely.

THE QUESTION PRESENTED

The only question presented for decision in the cause² may be stated as follows, namely:

May the District Courts or the United States award attorneys' and litigation expenses incurred in a suit under the act based on use of a plaintiff's registered tradename by a defendant wherein—

¹References herein to the opinion of the Court of Appeals are as "appendix" and as paginated in the appendix to the petition herein and other references are as indicated in that opinion. The Lanham Trademark Act, Title 15 U.S.C. § 1051-1127 is sometimes referred to as the act. Unless otherwise indicated, emphasis, insertions and omissions in quotations herein are supplied by counsel.

²Appellants have reserved the appellate issues of lack of support in the record for an award and that the purported award is excessive (appendix, page 2). The Court of Appeals, however, placed its decision upon the ground that the District Court lacked authority to make an award of this nature under the act (appendix, particularly at pages 5-6, 14-15 and 17). Since the latter ruling made consideration of alternate assignments of error unnecessary, the appellate issues were narrowed to the ruling of the Court of Appeals (appendix, page 17).

1. An injunction has been granted on the sole ground that such use is likely to cause confusion as to the source of origin of defendant's merchandise;
2. It is conceded that no damages can be shown;
3. No showing or ruling upon an accounting has been had;
4. All questions of unfair competition under state law have been eliminated;³ and
5. The respective parties are prohibited by state regulatory statute⁴ from engaging in competition, one with the other.

THE STATUTE INVOKED

The statute invoked in the cause is the Lanham Trademark Act (60 Stat. 439) 15 U.S.C. §§ 1051-1127, particularly, § 1117 (quoted in the petition at pages 2-3).

³In an earlier opinion in the cause (314 F.2d 149, 161; cert. denied, 374 U.S. 830) the Court of Appeals, in directing an injunction decree, held as follows:

"And because we have found adequate legal support for our conclusion in the Lanham Act, *we do not consider* here the appellants' argument that *the California law, statutory and decisional, compels the same conclusion.*"

⁴See the Twenty-first Article of Amendment to the Constitution of the United States (*State Board of Equalization v. Young's Market Co.*, 299 U.S. 59, 57 S.Ct. 77, 81 L.Ed. 38) and sections 23,366, 23,771, 23,775 and 23,402 of the Business and Professions Code of the State of California. None of defendants' activity has been shown to have occurred in interstate commerce.

BRIEF STATEMENT OF THE CASE

It is respectfully submitted that the facts relevant to the question presented are adequately and accurately stated in the opinion of the Court of Appeals (appendix, pages 1 and 2), hence, neither restatement, nor comment, is likely to be helpful. As noted (footnote 2) other potential appellate issues are mooted by the proper disposition of the appeal upon the ground that the judgment under review was without statutory authority in a cause of which the jurisdiction of the District Court is purely⁵ statutory (sections 1114 and 1116⁶ of 15 U.S.C.).

It is respectfully submitted that petitioners' statement (petition, pages 3-5) is largely concerned with irrelevancies and omits material considerations of the record, which should be briefly noted.

The historical sketch (pages 3-4) deals with matters mooted by the first opinion of the Court of Appeals, which was expressly limited to the single objective of injunctive relief upon the exclusive ground that further use of the tradename was likely to cause confusion as to source of defendants' products in

⁵See the statement of principle and citation of authorities in *Glenn v. Advertising Publications, Inc.*, 251 F.Supp. 889, 901:

"The phrase 'to protect persons engaged in such commerce against unfair competition' inserted in the middle of this sentence does not, in and of itself, create a general federal law of unfair competition in interstate commerce. This general language must be attributed to a particular section of the Act. *American Auto. Ass'n v. Spiegel*, 205 F.2d 771 (2d Cir. 1953, cert. denied, 346 U.S. 887, 74 S.Ct. 138, 98 L.Ed. 391 (1953))."

and compare: *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661, 668; and *Compco Corp. v. Day Brits Lighting*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669, 672.

prospective dilution^a of the mark, and all other matters were reserved for consideration in further proceedings in the District Court (314 F.2d 149, 151-152, 156, 159).

The subsequent trial of the reserved issues in the District Court proceeded independently upon new and additional evidence without assertion or reservation of any issue of *res judicata* or law of the case by reason of the first opinion in the cause.

In the instant record it is clear and uncontradicted that the respondents' declination to accede to the unsupported demand of petitioners' counsel "to cease and desist" was upon advice of reputable counsel specializing in trademark practice and, for the years following the first judgment of the District Court (196 F.Supp. 401), such use proceeded under the interim imprimatur of the experienced and conscientious judge presiding and whose resolution of the factual issues was approved in every respect save one, the "likelihood of confusion" which that panel of the Court of Appeals determined, *de novo*.

The *de novo* determination of those factual issues is explicit, e.g.:

"Numerous cases in this and other circuits hold that under the circumstances here present, the

^aCompare: *Chemical Corp. v. Anheuser Busch, Inc.*, 306 F.2d 433, and see comment and analysis in 51 Cal. Law Review 250, particularly at page 254. The absence of actual confusion as to source was conceded (314 F.2d 149, 151, 158-159) and seems impossible in view of the fact and statutory requirement of clear labeling of source, manufacturer, and bottler of beer (sections 25,200-25,212 of the Business and Professions Code).

question of the likelihood of confusion is one for us to decide." (314 F.2d 149, 152)

Such *de novo* determination of the facts of the case, in that opinion is not the practice of the Court of Appeals and appears to be unique.

See the ruling of the Court of Appeals filed eight days later in

Plough Inc. v. Kreis Laboratories, 314 F.2d 635, 640,

reading in relevant part as follows:

"Are we, in the absence of any evidence, better able than a trial judge to speculate . . . We think not, but if it is our privilege to second guess the trial court, then we are convinced a two-word trademark has a different impact on the public than a one-word trademark."

The findings of the District Court as quoted by petitioners (pages 4-5) were made without further hearing or evidence following the remand⁷ and were necessarily responsive to that remand and prior record alone. Such findings were not re-adopted herein.

The "full hearing of the District Court" stated by petitioners (page 5) occurred in a subsequent trial

⁷Inexplicably, petitioners noticed the post-remand issues for separate trials in piece-meal, namely: (1) an injunctive decree responsive to the remand (2) the instant application for attorneys' fees, and (3) proceedings for an accounting. The accounting issues were undetermined at the submission of the instant matter, hence the necessity of the interlocutory appeal herein (appendix, page 2).

and, as noted, proceeded without invocation of any limitation based upon res judicata or law of the case.

The judgment under review by the Court of Appeals does not contain, nor include by reference, any findings of fact.

The evidence in the instant record is uncontradicted that neither of plaintiffs may lawfully deal in beer in California and neither may lawfully deal retail in alcoholic beverages therein; respondent Maier may not deal in Scotch whiskeys in any transaction in California; California law^{*} does not permit an award of attorneys' fees to opposing parties in any case not expressly provided by statute, or contract; none of respondents' respective transactions related to the use of the mark is shown to have been in interstate commerce; and neither of respondents has advertised beer under the name of black and white, nor been charged with disparagement, palming-off, misrepresentation, fraud, oppression or unconscionable conduct of any kind.

Petitioners' trial counsel represented to the District Court (TR II 16:15-17 and 19:18-19), in relevant part:

"Well, of course, my partner Mr. Bailey Lang, tried this case and as I see the record he said he was not going to offer any evidence that we had lost sales.

* * *

Of course, if there are not profits, there is no recovery."

^{*}Section 1021 of the Code of Civil Procedure and comment in 12 Hastings Law Journal 209, et seq.

The testimony of good faith included the following, namely:

"Mr. Chotiner: Q. Did you ever receive any advice from any lawyer that in his opinion you were permitted to use the name Black & White on beer manufactured by Maier Brewing Company?"

A. I did.

Q. At the time that you contested the complaint in this matter, did you believe that you had a right to use the name of Black & White on beer manufactured by your company?"

A. Positively."

(TR III 76:19-78:2.)

"Mr. Chotiner: Q. Mr. Mellin, did you give any advice to the Maier Brewing Company on the subject of their right to use the name Black & White before the litigation was commenced?"

A. I did, but I think it was through the firm of Hill, Farrer & Burrill in Los Angeles; I don't think it was direct.

Q. And the firm of Hill, Farrer & Burrill in Los Angeles represented the Maier Brewing Company in Los Angeles at the time, to your knowledge?"

A. They were representing them in some matter at the time, as I recollect, because I know Maier Brewing Company was not a regular client of ours and this was referred by them to us."

Q. And what was your opinion on that subject?"

A. My opinion was that the defense should succeed in the event of litigation, and they were so advised."

(TR III 62:18-25 and 63:1-6.)

**THE GRANTING OF THE WRIT COULD SERVE NO USEFUL
PURPOSE AND THE PETITION SHOULD BE DENIED.**

It must be granted that a ruling of this Court upon any principle of statute, common law or equity would be of inestimable value in the administration of the acts of the Congress and the conduct of litigation in the several courts of the United States.

However, the time available for attention to the important duties of the Court imposes limitations and even matters of moment must be equated to a relative position in proportion to matters of greater moment which cannot be concluded elsewhere and cannot be long deferred.

It would be presumptuous to seek to augment the searching analysis of the controlling principles and reported rulings upon the question whether the District Courts may charge the unsuccessful defendants with the attorneys' fees and litigation expenses of the successful plaintiffs in a purely statutory proceeding under a statute in which the authority to make such an award has been withheld by the Congress.

The act here invoked resulted from extensive studies and hearings by the Congress, during successive sessions, and constituted a complete revision of pre-existing legislation in effect for many decades⁹ and expressly repealed provisions of all then existing acts of the Congress inconsistent with the act.

The present act has been in effect for almost exactly two decades (passed June 28 and signed July 5, 1946),

⁹For historical background, see Robert's Commentary published in West's annotations to U.S.C., 15 U.S.C.A. 1051-1127.

without meaningful amendments in respect to its remedial provisions. Thus, even more than generally, it must be presumed that the Congress excluded—as well as included—all declarations of policy and positive provisions of law related to trademarks and trade-names in commerce deemed necessary or appropriate.

It is indisputable that the act does not provide for the award of attorneys' fees to any litigant in any case within its scope. Whether to authorize such awards is a simple matter of legislative policy and the Congress has not hesitated to provide for them in situations it has deemed necessary or helpful to require such atypical remedies.

There remains, then, only one other potential source of judicial power to award attorneys' fees to any litigant: the "traditional" equity jurisdiction of the Federal courts". However, "traditional equity jurisdiction" in the area of trademark litigation¹¹ appears also to have been pre-empted by the act.

Section 1114 is the only grant of substantive jurisdiction to be found in the act and such grant is expressly restricted to "the remedies *hereinafter* provided"; section 1116 provides that "the several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions . . .

¹⁰See analysis in annotation, 8 A.L.R.2d 894, et seq.

¹¹Respondents respectfully reserve the position that basic trademark subject matter is exclusively on the "law side" and that equitable remedies are merely auxiliary and supplemental, *qua* remedy, rather than of independent jurisdictional nature. See *Beacon Theaters, Inc. v. Westover*, 359 U.S. 469, 79 S.Ct. 948, 3 L.Ed.2d 968, and *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44.

to prevent the violation of any right of the registrant of a mark registered"; and section 1117 provides¹² that "the plaintiff shall be entitled . . . subject to the principles of equity to recover (1) defendant's profits . . .".

Under well established canons of construction of legislative enactments, *inclusio unius est exclusio alterius*, it is clear that the Congress did not intend to assimilate to the act any unstated, non-statutory jurisdiction or remedy in a "pure" trademark case "in any civil action arising under this chapter".

As the Court of Appeals has demonstrated (appendix, pages 2-16), none of the cases decided by the respective Courts of Appeal in which awards of attorneys' fees to the prevailing party were affirmed or granted, was a purely statutory, Lanham Act, case—each embracing state-generated unfair competition claims—and only one case, *Wolfe v. National Lead Company* (272 F.2d 867), was expressly based upon the act. As similarly demonstrated (appendix, p. 14)

¹²Section 1117 further provides that any recovery "shall constitute compensation and not a penalty" and this record does not indicate that either of petitioners has paid or incurred any attorneys' fees to be "compensated". Compare: *U. S. v. Equitable Life etc. Co.*, ___ U.S. ___, 86 S.Ct. ___, 16 L.Ed.2d 593; citing *U. S. v. Pioneer etc. Co.*, 374 U.S. 84, 90-91, 10 L.Ed.2d 755, 776, and, in respect to other litigation expenses, *Farmer v. Arabian American Oil Co.*, 379 U.S. 227, 85 S.Ct. 411, 13 L.Ed.2d 248, 254. The cases newly cited by petitioner (petition, pages 6, 8, 9, 11 and 13) also included state-generated unfair competition claims, except *Cleveland* (page 11, 149 F.2d 466) which was a case dealing with a testamentary trust, *Vaughn* (pages 9 and 13, 369 U.S. 527, Anno. 8 L.Ed.2d 894), which dealt with an injured seaman in an admiralty case and *Fischer & Porter Co.* (page 12, 86 F.Supp. 502) a patent case declining such an award.

the well considered cases have held such awards to be unauthorized in "civil actions arising under this chapter".

It was, thus, but sound administration to overrule the erroneous ruling in *Wolfe* and to limit the decision in *National Van Lines* decided in that court (appendix/p. 17).

Since the only ruling in a purely statutory action "arising under this chapter"—and not embracing state-generated claims—is in accord (*Gold Dust*, 87 F.2d 451) and decided in 1937 and before the revision of Federal trademark legislation in 1946, the decision under review does not create any "conflict", as petitioners seek to claim, rather eliminates the existing conflict of *Wolfe*. Secondly, the *Gold Dust* ruling must be presumed to have been known to the Congress in making the revisions embraced in the instant act and it should be presumed that the Congress was satisfied with that ruling, else a responsive provision would have been included in the act (cf. appendix, page 9, noting such statutory changes following similar rulings in the field of patent litigation).

Because the decision of the Court of Appeals is so well reasoned, was based upon painstaking analysis and was considered *en banc*, its authority cannot be properly questioned and, it is respectfully submitted, would be affirmed by this Court in any event.

Because trademark registrants are collectively served by their own trade associations and a "spe-

cialized bar", intelligence of this ruling will be adequately disseminated for consideration in undertaking transactions in trade and commerce.

Because there is no inequality of position between the parties—to favor petitioners—no damages suffered by them, no disparagement and no economic injury sustained to their mark, to their business or sales, no fraud, oppression or malice inflicted upon them and no public injury inflicted, threatened or intended, there are no considerations *de hors* the act to invoke any consideration of law, equity or justice to suggest support for any money award to petitioners, or to either of them.

For each of these reasons, it is respectfully submitted that further review of the decision of the Court of Appeals by this Court would serve no useful and practical purpose and the instant petition for writ of certiorari should be denied.

Dated, San Francisco, California,

July 8, 1966.

J. ALBERT HUTCHINSON,

Attorney for Respondents.

PETITIONER'S BRIEF

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In the Supreme Court of the United States

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

VS.

MAIER BREWING COMPANY, a corporation,
and RALPHS GROCERY COMPANY, a corporation,

Respondents.

Petitioners' Brief

On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit.

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In the Supreme Court of the United States

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation,

Respondents.

Petitioners' Brief

On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit

OPINIONS BELOW

The opinion of the Court of Appeals is reported in 359 F.2d 156 and 149 U.S.P.Q. 89 and appears at R. 97-114. There is no opinion by the District Court on the phase of the case before the Court. An earlier opinion of the Court of Appeals relating to the issue of trademark infringement is reported in 314 F.2d 149

All emphasis in quotations in this brief has been added unless otherwise noted.

(1963) *cert. den.*, 374 U.S. 830 (1963) (reversing 196 F. Supp. 401 (N.D. Cal., 1961)); it is incorporated by reference in the record here (R. 28), and for convenience portions are printed as the Appendix to this brief.

JURISDICTION

This Court has jurisdiction under 28 U.S.C. § 1254(1). The decision of the Court of Appeals was entered March 16, 1966 (R. 115). The petition for a writ of certiorari was filed here on June 9, 1966, and was granted on October 10, 1966 (R. 116).

QUESTIONS PRESENTED

1. a) In a suit in equity under the Lanham Act to enjoin trademark infringement, is a federal court without power in any circumstance whatever to make an award, against the infringer, of the successful plaintiff's attorney's fees and litigation expenses?

b) Is a federal court's equity power to award attorney's fees limited to a suit wherein a common fund is recovered?

2. If a federal court is not powerless, regardless of the circumstances, to make such an award, is not an award warranted by the circumstances that the infringer has acted knowingly and with deliberate purpose to purloin the good will of the trademark owner and in persistent defiance of the owner's known rights?

STATUTE INVOLVED

The statute involved is § 35 of the Lanham (Trademark) Act, 15 U.S.C. § 1117 (Act of July 5, 1946, c. 540, Tit. VI, § 35; 60 Stat. 439, as amended, Act of Oct. 9, 1962, 76 Stat. 774) which provides:

"When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and

1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

STATEMENT OF THE CASE

1. The Parties and the Trademark Infringement.

Since almost the beginning of the century petitioner James Buchanan & Company Ltd. ("Buchanan") and its predecessors have marketed in the United States a Scotch whisky of their blending under the "Black & White" name, registered as their trademark in the United States Patent Office in 1908 and in California in 1911. Petitioner The Fleischmann Distilling Corporation ("Fleischmann") has been the sole importer of that whisky into the United States since 1938. Vast sums were spent on advertising it, including \$5 million just for the period 1951-1957. (R. 3, 4, 12)

In 1956 respondent Maier Brewing Company ("Maier") began to sell to respondent Ralphs Grocery Company ("Ralphs"), and the latter began to resell, beer under the label "Black & White" (R. 13).

2. Petitioners' Efforts to Induce Cessation of the Infringement Without Suit.

Nearly 9 years ago, December 1957, Buchanan, through San Francisco counsel, wrote Maier a letter. (R. 8, 39, 40). Stating that Buchanan had recently learned of Maier's use of the name "Black & White" and informing Maier of Buchanan's ancient use and registration of that name, the letter continued (R. 8):

"As you will appreciate, for many years very large expenditures have been made in advertising 'Black & White' whisky, it is a highly regarded brand, and our client is most sensitive about infringing uses which impair or dilute the distinctiveness of that name. We have advised that your use of this name constitutes a trademark infringement and unfair competition under both federal and California law and a disregard of Section 17,500 of the California Business and Professions Code.

"On behalf of our client we ask you to discontinue using the name 'Black & White' and to discontinue selling or offering for sale any beer so labeled.

"We shall appreciate your advising us of your intentions. Anticipating that you understand our client's position and will recognize its justness, we are refraining for the time being from writing to Ralph's Grocery Company requesting it to discontinue handling beer under the 'Black & White' name, as we would prefer not to trouble your customer if it can be avoided."

After Maier through an attorney, Mr. Gilford of Los Angeles, refused the request (R. 40, 53), Buchanan's counsel asked Mr. Gilford by telephone to reconsider, stating that the name "Black & White" was of so tremendous importance to Buchanan that Buchanan would press litigation if necessary, and he pointed to the expenses that lay ahead for Maier if it persisted in its course. Mr. Gilford responded by asking Buchanan's counsel to send him legal authorities. (R. 41) The letter of authorities to Mr. Gilford (R. 41, 54) concluded (R. 58):

"* * * the citations * * * demonstrate that continued refusal by your client to discontinue the use of the name 'Black & White,' when the dictionary is full of words which can be called upon for other names, can entail a tremendous expense to it in defending suit. Our client feels very deeply about the protection of the name 'Black & White', whereas it is difficult for us to believe that the name, which is one of a stable of names used by Maier and only recently adopted by it, can mean so much to it as to warrant standing suit.

"Please let us hear from you shortly. A willingness of Maier to discontinue the name without litigation will be met with a reasonable attitude to minimize any inconvenience."

In reply Mr. Gilford asked Buchanan's counsel to meet with Maier in Los Angeles to discuss the matter (R. 42, 59). Shortly afterwards Buchanan's counsel, while in Los Angeles, thrice telephone Mr. Gilford that he was ready to meet with Maier. Twice Mr. Gilford replied that Maier was not available; the third time he said that there was no point in pursuing the matter further (R. 43). A little later he telephoned to Buchanan's counsel in San Francisco to say that Maier refused to discontinue (R. 43). Buchanan's counsel replied that he "wanted a letter in my file before I started suit for the purpose of showing that I had done everything to exhaust an attempt to clean the matter up without litigation" (R. 43). In a few days Mr. Gilford wrote (R. 43):

"I am sorry to say that my client is not interested in desisting in the use of the label 'Black & White' in the sale of beer."

Thereupon Mr. Gilford was replaced by others as counsel for Maier (R. 48-50). Amicable efforts to induce Maier to desist

having failed, Buchanan's counsel requested Maier's customer, Ralphs, to desist using the trademark (R. 9-11, 43, 44). Ralphs refused. (App. 2)

It was evident that if Buchanan's trade name was to be protected, petitioners were going to have to fight for it. As observed by the District Court to Buchanan's counsel (R. 52):

"For the record you did everything that a lawyer could do under the circumstances to bring about some accord, some agreement or some reasonable viewpoint . . ."

3. The Trademark Infringement Suit, the Adjudication of Infringement and Bad Faith on Respondents' Part, and Respondents' Continued Defiance.

In 1958 Fleischmann filed this suit against respondents claiming trademark infringement under both federal law (the Lanham Act) and California law and for unfair competition under California law (R. 1). The complaint prayed for an injunction against use of the name "Black & White" "and for plaintiff's expenses incurred in this litigation stemming from defendants' willful conduct, including attorneys' fees and for plaintiff's costs of suit herein incurred" (R. 7). Respondents interposed a variety of objections, including an objection that Buchanan should be a party. In consequence Buchanan intervened as a plaintiff (R. 76). After innumerable motions, counterclaims, and discovery procedures, a mere docket listing of which occupies 8 pages in the record (R. 72-79; also R. 62-64), the case was tried in 1961 (R. 17). On appeal from a judgment for respondents, the Court of Appeals for the Ninth Circuit reversed (R. 19, 20), *The Fleischmann Distilling Corporation, et al. v. Maier Brewing Company, et al.*, 314 F.2d 149 (1963).

The Court of Appeals accepted the District Court's findings that Black & White Scotch whisky was "widely known" and "the leader among Scotch whiskies" and that "in the alcoholic beverage industry the name 'Black & White' has come to mean

Scotch whisky" (314 F.2d 149, 151). The Court of Appeals further found:

"The record shows not only a knowledgeable adoption of the name ['Black & White'], but also an insistence on continuation of the imitation after notice to stop." (314 F.2d at 157, fn. 8.)

* * * * *

"The manager [of Maier] knew that the Black & White Scotch 'was one of the most popular brands on the market' and when the wholesaler brought up the question of Black & White also being used for Scotch, the manager told him that he knew there was a Black & White Scotch, 'one of the most popular brands.' Without seeking any legal advice these officers of Maier simply decided for themselves that there was no relation between Scotch whisky and beer and decided to go ahead." (314 F.2d at 157.)

* * * * *

"We cannot conclude but that Maier deliberately adopted the name knowing that Black & White was the name and trademark of Buchanan and they must have done so with some purpose in mind. The only possible purpose could have been to capitalize upon the popularity of the name chosen. This popularity, they must have known, would extend to their product because the public would associate the name Black & White with something old and reliable and meritorious in the way of an alcoholic beverage." (Ibid)

* * * * *

The only rational explanation for the insistence on using Black & White was to trade on the other Black & White's good will." (314 F.2d at 158, fn. 11.)

The Court of Appeals also held that Maier and Ralphs had acted *in bad faith*, i.e., that a finding of "good faith" was "clearly erroneous" (314 F.2d at 157). Said that court:

"But if the finding of good faith is intended to mean that defendants did not intend to adopt Buchanan's Black &

White name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, *then the finding is clearly erroneous.*"

And it said that respondents' insistence on continuation of the imitation after notice was itself "fraud" (fn. 8, App. 9). Holding that there was a plain infringement under the Lanham Act, the Court reversed the judgment and remanded the case to the District Court with directions to enter judgment in accordance with its opinion (R. 20).

Respondents persisted in putting petitioners to further expense. Respondents were advised by their counsel that a petition to this Court for a writ of certiorari would be without merit, and thereupon they discharged him (R. 50), just as their first counsel, Mr. Gilford, had been replaced when he expressed regret that Maier would not cease using "Black & White". Thus shopping for palatable legal advice, respondents through new counsel petitioned the Court of Appeals for a rehearing. When that was denied, they petitioned this Court for certiorari, and that was denied, *Maier Brewing Co., et al. v. Fleischmann Distilling Corporation, et al.*, 374 U.S. 830 (1963).

For 7 weeks after the decision of the Court of Appeals and for over two weeks after denial of the petition for rehearing Maier continued to ship beer under the Black & White label (R. 33), and Ralphs was still selling beer under this name for nearly three months after the decision of the Court of Appeals (R. 34).

One begins to understand respondents' continued defiance of petitioners' rights from the fact that during the pendency of the litigation, in 1958, Maier asked \$127,000 for a sale of the Black & White name for beer to a distributor (R. 18, 19).

4. The Award of Attorneys' Fees After Remand and Its Reversal on the Ground of Lack of Power in a Federal Court to Award Attorneys' Fees in a Suit Under the Lanham Act:

On remand petitioners moved for entry of judgment pursuant to the mandate and requested, in addition to the injunction against infringement, an award of reasonable attorneys' fees and litigation expenses (R. 21, 22), as prayed for in the complaint. After extensive briefing and argument (R. 23-27, 83, 84) the District Court *found and adjudged* (R. 29):

"Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product. Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein."

The judgment contained this provision (R. 31):

"9. Plaintiffs are entitled to recover from defendants a reasonable amount for attorney's fees and litigation expenses incurred in this suit in this Court, the United States Court of Appeals for the Ninth Circuit, and the United States Supreme Court, and a hearing will be held by the Court on Thursday, the 20th of February, 1964, at the hour of 10:30 a.m. to determine the amount."

After a later hearing where evidence was received (R. 35-68), the District Court fixed the reasonable amount of attorneys' fees for the six years of legal services up to that time at \$60,000 (R. 64, 65) and taxed other litigation expenses at \$2152.79 (R. 68).

From this award respondents appealed to the Court below (R. 69). After submission (R. 87) and resubmission (R. 87, 88) the appeal was dismissed as premature with a suggestion that the District Court certify an interlocutory appeal under 28 U.S.C. § 1292(b) (R. 89, 90). This was done, a new appeal was taken (R. 91-96), and on March 16, 1966 the court below reversed the award of attorney's fees with directions to deny petitioners' request for attorney's fees (R. 115).

The basis of the reversal was this (R. 114):

"We hold that attorney's fees are not recoverable in trademark infringement cases under the Lanham Act, primarily because the Congress has not provided for them."

It was to review this award that this Court granted certiorari.

SUMMARY OF THE ARGUMENT

1. The "historic jurisdiction of the federal courts" in equity, granted by the First Judiciary Act of 1789, includes all the powers and remedies of the English Court of Chancery, among which is the power to award counsel fees. *Sprague v. Ticonic National Bank*, 307 U.S. 161 (1939); *Vaughan v. Atkinson*, 369 U.S. 527 (1962). While American practice does not award counsel fees to the prevailing party in all litigation as of course but requires equitable considerations, the contrast with English practice shows the propriety of the award here. In trademark litigation in England the unsuccessful defendant pays counsel fees although he has only defended a mark which he honestly adopted without being aware of plaintiff's mark or of the resemblance and acted without fraud, and although the action was commenced against him

without notice.¹ All of the elements, not even necessary there, are present here. This controversy and litigation were entirely caused and obstinately continued by respondents' conduct, which was not only tortious but a willful and deliberate effort to purloin petitioners' good will, as both courts below found.

2. Until the decision below, in *every* circuit, district and reported case in the federal courts where the issue has arisen, the power to award attorney's fees to the successful plaintiff in trademark cases in these circumstances has been upheld, by a long roster of distinguished federal judges, from *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7 Cir. 1941) to *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389 (2 Cir. 1965), *cert. den.* 383 U.S. 942 (1966), with five other Lanham Act decisions from the First, Second, Third and Seventh Circuits,² not to speak of two from the Ninth Circuit itself,³ and numerous decisions in trademark cases in District Courts, in the years between. Trademark infringement is but a species of unfair competition, *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 97 (1918), and the Sixth and Ninth Circuits have upheld the power to award counsel fees in unfair competition cases.⁴ In reliance on *Sprague* and these very trademark and unfair competition deci-

1. White's Kerly's Law of Trade Marks and Trade Names (9th ed., London, Sweet & Maxwell Limited, 1966) p. 676.

2. *Maternally Yours v. Your Maternity Shop*, 234 F.2d 538 (2 Cir. 1956); *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517 (2 Cir. 1953); *Keller Products, Inc. v. Rubber Linings Corp.*, 213 F.2d 382 (7 Cir. 1954); *Baker v. Simmons Company*, 325 F.2d 580 (1 Cir. 1963); *Century Distilling Co. v. Continental Distilling Corp.*, 205 F.2d 140 (3 Cir.), *cert. den.* 346 U.S. 900 (1953).

3. *National Van Lines v. Dean*, 237 F.2d 688 (1956); *Wolfe v. National Lead Co.*, 272 F.2d 867 (1959).

4. *Hagemeyer Chemical Co. v. Insect-O-Lite Co.*, 291 F.2d 696 (6 Cir. 1961); *High Fidelity Recordings Inc. v. Audio Fidelity, Inc.*, 305 F.2d 86, 89 (9 Cir. 1962), *cert. den.* 371 U.S. 934 (1962).

sions, the Fourth Circuit has recognized the power to award counsel fees.⁵

3. A main factor in determining whether attorney's fees should be allowed is the character of the litigation, and the character of trademark litigation peculiarly warrants that relief where elements of fraud are present. First, a major element in trademark protection is the interest of the public in being protected against swindling. Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946) (report of Senate Committee on Patents on the bill which became the Lanham Act).⁶ Second, the trademark owner's rights are important and valuable but intangible; in today's civilization an enterprise may have as much invested in building good will as in physical equipment. Third, unless a deliberate infringer faces the possibility of paying attorney's fees, if brought to book by a court of equity, his swindling and his piracy are little deterred, and large and wealthy defendants are free to try to drown a plaintiff in the expenses of litigation. The elements of callousness, recalcitrance, and willful and persistent default, forcing a plaintiff to court to protect his rights, which sustained an award of counsel fees in *Vaughan v. Atkinson*, 369 U.S. 527 (1962), are the very circumstances so often found in trademark litigation. Conversely, arrogant and wealthy plaintiffs sometimes willfully bring unjustified trademark infringement suits to pressure a defendant to abandon his rights, and counsel fees have been awarded against such plaintiffs; e.g., *General Motors Corp. v. Cadillac Marine & Boat Co.*, 226 F. Supp. 716 (W.D. Mich. 1964). If a court lacked power to assess attorney's fees in favor of a successful plaintiff, *a fortiori* it could not assess them against a reprehensible plaintiff, for counsel fees have never been

5. *United Auto Workers v. American Brake Shoe Co.*, 298 F.2d 212 (4 Cir.), *cert. den.* 369 U.S. 873 (1962).

6. U. S. Code Cong. Service, 79th Cong., 2d Sess. 1946, pp. 1274, 1275.

so readily granted against a plaintiff, who merely asks the ear of the court, as against a defendant who has fraudulently committed a wrong outside of court.

For reasons such as these Professor Walter J. Derenberg in his "The Nineteenth Year of Administration of the Lanham Trade-mark Act of 1946", 56 The Trademark Reporter 691, 754 (Oct. 1966), deplores the decision of the court below as encouraging unscrupulous infringers.

4. In sweeping aside the uniform body of authority as "not well considered," the court below rests its reasoning on two incorrect suppositions and one false contrast. Its first false premise is to hypothesize a pervasive antipathy and rule in the United States against awarding attorney's fees to a successful party. Analysis of the cases relied on by the court below—mostly actions at law and jury cases—shows complete failure to support the premise. Although American practice does not award fees as of course, no rule or attitude, such as the court below assumes, exists *in equity*. The law has long distinguished between the practice of common law courts, particularly in jury cases, and that of courts deriving from the civil law. This Court's decision and historical survey in *Sprague v. Ticonic National Bank*, 307 U.S. 161 (1939) is a complete answer to the hypothesis; and see *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, 28 F.2d 233 (8 Cir. 1928). The view of the court below, that the power of a court of equity to award counsel fees is essentially limited to cases involving a fund in court, has been repeatedly rejected, as by this Court in the *Sprague* case.

5. The second and primary false premise of the reasoning below is that the Lanham Act precludes an award of attorney's fees because, so it is argued, it makes no provision for them. But Section 35 of the Lanham Act empowers courts to grant relief according to "the principles of equity". Having been enacted seven years after *Sprague* settled that the historic equity jurisdic-

tion of the federal courts includes power to award counsel fees, and five years after the distinguished Judge Walter C. Lindley drew upon years of experience at the bar and bench to say in *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7 Cir. 1941), that counsel fees in trademark cases were traditionally awarded, and with nothing in the legislative history to doubt or question the power, it is inconceivable that the Act *sub silentio* "expressed an intent to circumscribe traditional judicial remedies", *Federal Trade Commission v. Dean Foods Co.*, 384 U.S. 597, 609, 610 (1966). On the contrary, by affirming the principles of equity, the Lanham Act affirmed the traditional remedies. Exactly this answer was given by Senior Judge Leahy in *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962), in rejecting the very argument made by the court below.

6. The court below cites *Teese v. Huntingdon*, 64 U.S. (23 How.) 2 and *Philp v. Nock*, 84 U.S. (17 Wall.) 460 as holding that counsel fees cannot be awarded in patent cases, and it then notes that thereafter the Patent Act expressly provided for counsel fees. On this foundation the court poses an imagined contrast with the absence of an express provision in the Lanham Act. But *Teese* and *Philp* were *jury tried actions at law* and held no more than that a jury may not award counsel fees. The patent statute was necessary to permit an award of fees in patent actions at law. Moreover, the patent right is purely a creature of Congress and a statutory exception to the policy against monopoly; consequently, the remedies for its violation are what Congress prescribes, no more. But the trademark right and the remedies for its vindication are not creatures of Congress at all, but of equity, *Trade-Mark Cases*, 100 U.S. 82 (1879). The trademark creates no monopoly but is a protection against swindling. *United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918); Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946). While Congress may delete remedies

otherwise available in equity in trademark cases, it does not do so by silence.

7. A federal court of equity having power, within certain outer boundaries, to award counsel fees, the determination whether the facts in a particular case warrant exercise of that power lies primarily within the discretion of the trial court. The District Court acted well within the area of its discretion, and its decision should be affirmed.

ARGUMENT

I. The Principle for Which We Contend and the Circumstances in This Case Calling for Its Application.

A. THE PRINCIPLE.

The court below disposed of the appeal by holding that federal courts are *utterly without power* in suits to enjoin trademark infringement to make any award of attorney's fees to a prevailing plaintiff *in any circumstances whatever*. We submit:

1. A federal court does possess that power and may exercise it in proper circumstances.
2. Within certain outer boundaries, the matter lies in the discretion of the trial court.
3. The facts that the infringer has knowingly adopted the trademark in full awareness of plaintiff's rights, acting fraudulently to profit from plaintiffs' good will and defiantly after notice to cease, are circumstances warranting exercise of the power.

Contrast with English practice will pithily illustrate the proper principle and its proper application in federal practice. In England the term "costs" includes counsel fees; while "costs" in actions at law are statutory in origin, "costs" in equity derive from the inherent power of the Chancellor. Arthur L. Goodhart, "Costs", 38 Yale Law Journal 849, 851, 854. As we show in

detail at pp. 28-36 below, federal courts in equity have all the powers and remedies of the English Court of Chancery, including the power to award attorney's fees. *Sprague v. Ticonic National Bank*, 307 U. S. 161 (1939). Attorney's fees are taxed customarily in all kinds of litigation in England. No such broad practice exists in this country or is urged by us.

Focusing on trademark litigation, the standard English text, *Kerly's Law of Trade Marks and Trade Names* (9th Edition) by T. A. Blanco White,⁷ states (p. 676):

"An unsuccessful defendant must usually pay costs, although he has only defended a mark which he honestly adopted without being aware of its too great resemblance to the plaintiff's mark, and though he has acted without fraud and in ignorance of the plaintiff's rights, and the action has been commenced against him without notice."

This statement reflects the view that it is too obvious even for discussion that the trademark infringer ought to pay attorney's fees where he adopted the trademark in full awareness of the plaintiff's rights, acting fraudulently to profit from plaintiff's good will and defiantly after notice to cease. In England he must pay attorney's fees *even in the absence of these factors*. In the present case *all of these elements are present*.

B. THE CIRCUMSTANCES.

This controversy and litigation were entirely caused and obstinately continued by respondents' conduct, which, as both courts below have found, was not only tortious but a wilful and deliberate effort to purloin petitioners' good will. First, respondents knowingly and deliberately purloined the "Black & White" name. Then, before their sales were in full swing, they were given an opportunity to avoid suit by simply discontinuing their wrongful

7. London, Sweet & Maxwell Limited, 1966.

activities with the minimum of inconvenience, but they refused to do so. (See pp. 4-6, *supra*). They persisted, even dropping their first counsel who evidently had a change of heart after studying the law (p. 5, *supra*). The litigation which respondents forced on petitioners was long and protracted. Even after the court below on the first appeal had decided the case against them, they continued their wrongful conduct, once more dropping a counsel whose advice did not please (p. 8, *supra*). They gambled that they could get by with filching petitioners' name, and they should now take the burden of having been wrong.

Until the decision now under review by this Court, it was uniformly held in the United States that in circumstances such as these a trademark plaintiff thus victimized was entitled to an award of attorney's fees. In the pages to follow we shall:

1. Present this uniform authority and show that it rests on the historic powers of federal courts of equity.
2. Discuss the public policy which peculiarly supports exercise in trademark cases of the inherent equity power.
3. Analyze the premises and the reasoning of the court below and show their error in history and their unmindfulness of this Court's decisions.

II. The Uniform Course of Decision Is Against the Court Below.

In the federal courts; in *every* circuit, *every* district, and *every* case where the issue has arisen, so far as revealed in reported opinions, the power to award attorney's fees to the successful plaintiff in trademark cases in proper circumstances has been upheld and exercised until the decision below. Fees awarded by district courts have been affirmed, and appellate courts have awarded additional fees. The roster of federal appellate judges who have formed this steady course of decision is a distinguished

one which, not counting judges of the Ninth Circuit, numbers at least 24.

The latest such case before the decision below is *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389, 391 (2 Cir. 1965), cert. den. 383 U. S. 942 (1966). In that infringement suit under the Lanham Act, the trial court found, almost in the words of the findings in the present case, that defendant had acted "wilfully with full knowledge of plaintiff's rights and as part of a pre-conceived plan to trade upon plaintiff's good will" (p. 391). It granted an injunction and legal fees but denied an accounting. Both parties appealed, plaintiff from the denial of an accounting, defendant from the award of attorney's fees. The Court of Appeals (per Lumbard; C. J. and Moore and Marshall, JJ.) affirmed the award of fees, left "for determination by the District Court on remand whether a further allowance should be made for the expenses incurred on remand", and itself allowed plaintiff an additional sum "for legal expenses on this appeal" (p. 391). "All the active circuit judges [were] advised of this opinion and no one of them has requested *en banc* consideration" (p. 397).⁸ On petition to this Court for certiorari (No. 763, Oct. Term 1965, filed Nov. 24, 1965), defendant presented as one of the questions

"whether a trademark plaintiff may be awarded legal fees and expenses incurred in the prosecution of the action, when the relief ultimately granted is no more than that which was tendered to and refused by it at the commencement of the action."

That petition, assailing the power, was denied.

Twice before the Second Circuit had upheld the power to award attorney's fees in Lanham Act cases. In *Maternally Yours*

8. The other active Circuit Judges were Judges Robert P. Anderson, Henry J. Friendly, Paul R. Hays, Irving R. Kaufman and J. Joseph Smith.

v. Your Maternity Shop, 234 F.2d 538, 545 (1956) (per Clark, C.J., and Medina and Waterman, JJ.), it had held:

"It is now settled that counsel fees may be awarded to the successful litigant in trademark infringement cases when there is a finding of fraud."

Still earlier, in *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517, 521 (1953), the same court (per Augustus N. Hand, Chase and Clark, JJ.) had held:

"The permanent injunction and the counsel fees awarded plaintiff were fully justified."

In addition, the court there also awarded plaintiff further attorney's fees for having to defend its judgment on appeal.

In 1941, in a case arising under the Federal Trademark Act of 1905, the Seventh Circuit in *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708, had held (p. 717):

"Counsel's fees necessitated by the tort have been said in some instances to be recoverable as part of the compensatory damages and in other cases as a part of exemplary damages. As the master's finding of wilful and fraudulent conduct is sustained by the evidence, this sum was recoverable as compensatory damages and hence properly included in the amount recommended by him."

The court below refers to this *Aladdin* decision as the earliest reported case in which attorney's fees were awarded (R. 106) and dismisses it because "No authority is cited" (R. 107). But the court there was not only purporting to state the law; it was reflecting practice in trademark cases. The opinion was written by Judge Walter C. Lindley, with Judges Evan Evans and William M. Sparks concurring. These three judges represented among them a total of 49 years on the federal bench, up to that time, preceded by 42 years at the bar. Judge Lindley began his practice in 1904, became a leading trial lawyer in Illinois, and was for six years a Master in Chancery in the federal court before his eleva-

tion to the bench, and he was later on the Emergency Court of Appeals.⁹ The legal practice of the concurring judges reached back into the 19th century. The quoted statement in their opinion was not only a statement of the law "in books", *it was the very feeling of equity in practice.*

In 1954 the Seventh Circuit affirmed an award of attorney's fees in a Lanham Act suit in *Keller Products, Inc. v. Rubber Linings Corp.*, 213 F.2d 382, 388, although the facts were so close that an award of punitive damages by the District Court was reversed.

In between the *Aladdin* case and the *Monsanto* case all other federal Courts of Appeals to which the question came reached the same conclusion.

So recently as 1963, the First Circuit, in *Baker v. Simmons Company*, 325 F.2d 580, 583 affirmed an award of \$148,833 of attorney's fees, saying:

"... there is more than sufficient authority for the allowance of counsel fees in Lanham Act actions where the defendant is found guilty of fraud and palming-off."

The opinion of the court below cites *Century Distilling Co. v. Continental Distilling Corp.*, 205 F.2d 140, 149 (3 Cir., 1953), *cert. den.* 346 U. S. 900. (1953), as a case where, in denying attorney's fees, the District Court had "expressed doubt * * * as to his power to make an award, and that his decision was affirmed." But the decision of the Third Circuit was to the very contrary of the implication. It held, in affirming, that "Such expenses may be allowed as damages in an infringement suit if there is a showing of fraud" (205 F.2d at 149, per McLaughlin, Biggs and Goodrich, JJ.). The reason why it nevertheless declined to reverse the denial of an award was its holding that the matter was *primarily within the trial court's discretion.*

9. Biographical data from the tributes printed at 300 F.2d 17-23.

Before the present decision it was the settled law in the Ninth Circuit that attorney's fees could be awarded to a plaintiff in this kind of case and circumstances. *National Van Lines v. Dean*, 237 F.2d 688 (1956); *Wolfe v. National Lead Company*, 272 F.2d 867, 873 (1959); *High Fidelity Recordings, Inc. v. Audio Fidelity, Inc.*, 305 F.2d 86, 89, 90 (1962), *cert. den.* 371 U.S. 934 (1962). In the *National Van Lines* case, the court had said (237 F.2d at 694):

"Since we have found appellee's acts to have been wilful and calculated to trade upon appellant's good will, the latter is entitled to recover its actual and reasonable attorney's fees incurred in this litigation."

In *Wolfe v. National Lead Company*, 272 F.2d 867, 873, it said:

"In the light of the judicial determination that the infringement was deliberate and fraudulent, this allowance was proper."

The opinion of the court in the present case rejects these prior decisions. Thus:

"*Wolfe* * * * is expressly grounded on the Lanham Act and on *National Van Lines*, which does not differentiate, so far as attorney's fees are concerned, between the two grounds [unfair competition and trademark infringement]. Thus *Wolfe* is authority for the award here made, and it makes *National Van Lines* an authority on the same question. We must either follow them, limit or overrule them." (R. 101, 102)

* * * * *

"We overrule *Wolfe*, to that extent, and limit *National Van Lines* to its actual holding, as to the correctness of which we express no opinion." (R. 114)

* * * * *

"It [*High Fidelity Recordings*] was an action for unfair competition under California law. It is not a trademark case. We need not consider whether it correctly applied California law." (R. 106)

But this disposition of *High Fidelity*, together with the overruling of *National Van Lines* so far as it was a trademark case while leaving it untouched so far as it was an unfair competition case, discloses a gap in the court's reasoning. In *Hagemeyer Chemical Co. v. Insect-O-Lite Co.*, 291 F.2d 696 (1961) the Sixth Circuit also held that attorney's fees may be awarded in an unfair competition case. Now every trademark infringement is also an act of unfair competition, *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 97 (1918). The law of trademarks "is but a part of the broader law of unfair competition", *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916).¹⁰ If attorney's fees may be awarded to a successful plaintiff in an unfair competition case of vaguer contours, it baffles reason to know why attorney's fees cannot be granted in unfair competition of the rawest, sharpest and clearest kind, trademark infringement. There can be no possible basis for distinguishing between the two other than to postulate that the Lanham Act subtracted from federal courts a power otherwise possessed. And that explanation is wholly untenable, as we show below (at pp. 36, 37). Moreover, the present case was not only for trademark infringement, it charged unfair competition in just those words (R. 2, para. 1).¹¹

10. Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946) by the Senate Committee on patents reporting on H.R. 1654 which became the Lanham Act (U. S. Code Congressional Service, 79th Cong., 2d Sess. 1274, 1275) states:

"There is no essential difference between trade-mark infringement and what is loosely called unfair competition. Unfair competition is the genus of which trade-mark infringement is one of the species; 'the law of trade-marks is but a part of the broader law of unfair competition' (*United Drug Co. v. Rectanus*, 248 U. S. 90, 97). All trade-mark cases are cases of unfair competition and involve the same legal wrong."

11. Despite that fact, the opinion below felt that it need not come to grips with the question of power to award fees in an unfair competition case because on the first appeal "our decision was based solely on the Lanham Act (see 314 F.2d at 151, 152)" (R. 100). But its decision that there was trademark infringement necessarily held that there was unfair competition.

In addition to appellate decisions, there are numerous reported District Court decisions. None deny the power to award fees in Lanham Act cases. Most grant fees; others have denied them, not for lack of power, but because of circumstances of innocence. Two cases will serve for illustration. In *Francis H. Leggett & Co. v. Premier Packing Co.*, 140 F. Supp. 328 (D. Mass. 1956), the court ruled (p. 332):

"after notification and the opportunity to inquire and confirm the plaintiff's claims, the defendant persisted in the affront, and maintained its sales under the offending label. * * * Attorneys' fees are to be included in this order, due to defendant's refusal to terminate its trespass on plaintiff's property after notice had been duly posted by the plaintiff."¹²

In *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962) Senior Judge Leahy in a carefully reasoned opinion upheld the existence of the power but declined to exercise it because of the absence of any malicious conduct on the infringer's part. There defendant infringed "Virginia Gentleman" by using "Indiana Gentleman", but did so only on 4 cases of whiskey, to establish interstate commerce for registration of the mark, and defendant discontinued as soon as the plaintiff objected (p. 380). These facts, the court said, distinguished the case from *Francis H. Leggett & Co. v. Premier Packing Co.*, supra.

III. Trademark Litigation Is a Kind of Litigation Peculiarly Warranting Exercise of the Historic Equity Power to Award Fees.

In any inquiry whether attorney's fees should be allowed "in an equity suit, the character of the litigation is one of the main determining factors." So it is stated in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, 28 F.2d 233 (8 Cir. 1928), which

12. So also *National Dairy Products Corp. v. Willever*, 139 U.S.P.Q. 443 (E.D. Mich. 1963); *Youthform Co. v. R. H. Macy & Co.*, 153 F. Supp. 87, 95 (N.D. Ga. 1957).

we discuss further at p. 28 below because of its nature as a prelude to *Sprague v. Ticonic National Bank*, 307 U.S. 161 (1939). And we have seen (pp. 17-22 above) that trademark litigation has been regarded by common consent as of a character peculiarly warranting that relief where elements of fraud are present. It is easy to see why this is so.

On the one hand (1) a plaintiff's rights are important and valuable but intangible, and (2) the interest of the public in being protected from deceit is involved. On the other hand, unless the infringer faces the possibility of paying attorney's fees, he has little to lose to deter his piracy.

Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946), by the Senate Committee on Patents, reporting on H. R. 1654, which became the Lanham Act, stated (U.S. Code Congressional Service, 79th Cong., 2d Sess. 1274, at 1275):

"The purpose underlying any trademark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. * * *

"The protection accorded trade-marks is merely protection against swindling.

* * * * *

"The matter has been approached with the view of protecting trade-marks and making infringement and piracy unprofitable.

* * * * *

"Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which

excellence creates. *To protect trade-marks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.*"¹³

As often as not in trademark litigation—probably more often than not—a defendant will be larger and wealthier,¹⁴ arrogantly seeking to utilize its deeper pocket to drown the plaintiff in the expenses of litigation and thereby to purloin his good will and business. If confronted by the prospect of these expenses with no prospect of recovering them, a plaintiff would be under pressure to collapse and abandon his claim. If nevertheless the plaintiff should persevere, the infringer could smugly reflect that "heads I win; but tails I do not lose," if a mere injunction could issue should the case go against him; his gamble would be one without risk.

In this age of mass use of communications media, an enterprise may have as much invested in advertising and in producing good will as in physical equipment. Good will may be its greatest asset. In such a culture, as observed in "Financial Recovery in an Action for Trademark Infringement", 47 *The Trademark Reporter*, p. 1297 (1957), it is "proper" that recovery in a trademark case should include reasonable attorney's fees and litigation expenses so that the relief can "be sufficient to deter future infringers" (1338). It is with sensitive appreciation of this fact that until the present decision *all* courts having had occasion to deal with the precise question have recognized that adequate protection of this property against a deliberate purloiner warrants

13. Part of the first paragraph of the foregoing is quoted in *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389, at 393.

14. *E.g., Conley v. Colgate-Palmolive Co.*, 125 U.S.P.Q. 2 (N.D. Cal. 1959).

inclusion of reasonable attorney's fees and litigation expenses in the assessment. A denial of the power to award counsel fees may deter proper infringement litigation, which not only vindicates the rights of trademark owners but also protects the public from confusion and deception.

Professor Walter J. Derenberg, who has written an annual review of decisions under the Lanham Act since its enactment, reviews the decision below in "*The Nineteenth Year of the Administration of the Lanham Trademark Act*", 56 *The Trademark Reporter* 691, 754 (Oct. 1966). While offering no opinion on whether the decision is correct as a matter of strict statutory construction, he states that

"the result, in this writer's opinion, is rather deplorable in that it may serve further to encourage unscrupulous competitors and infringers; * * *"

In *Vaughan v. Atkinson*, 369 U.S. 527 (1962), an award of attorney's fees was upheld as part of the damages in a suit for maintenance and cure because defendant's "callous" attitude and "recalcitrance", its "willful and persistent" default, forced the plaintiff to hire a lawyer and go to court to protect his rights. These are the very characteristics so often found in trademark infringers that have impelled the courts to award attorney's fees in trademark cases.

There is the converse situation. Courts have awarded fees in trademark cases to a successful defendant where plaintiff's suit was in bad faith, to harass defendant, as to make him abandon his rights under the burden of expense. Thus in *General Motors Corporation v. Cadillac Marine & Boat Co.*, 226 F. Supp. 716 (W.D. Mich. 1964) plaintiff General Motors was ordered to pay \$41,000 counsel fees to defendant, a small boat builder in Cadillac, Michigan, for services of counsel in the trial court alone in defending his right to use the name "Cadillac". So also *John R.*

Thompson v. Holloway, 141 U.S.P.Q. 355 (N.D. Tex. 1964). Attorney's fees have never been allowed so readily to a defendant against a plaintiff, as to a plaintiff against a defendant. In the elaborate review of the law in *Guardian Trust Co. v. Kansas City Southern Ry.*, 28 F.2d 233 (8 Cir. 1928) the strict circumstances in which English Chancery awards attorney's fees to a defendant are noted. The difference is readily understandable. When a plaintiff sues, he but invokes the tribunals established by the state to determine whether the right he asserts exists. But one who is sued has been hailed into court to answer because he has taken it upon himself to act out of court, to steal something belonging to a plaintiff or to commit an act akin to theft or to damage plaintiff in order to profit himself.

It follows that, if there were no power to award fees to a plaintiff against a fraudulent infringer, *a fortiori* there would be no power to award fees to a successful defendant imposed on by a conscienceless plaintiff.

IV. The Premises and Reasoning of the Court Below Are in Error.

The opinion below sweeps aside the uniform body of authority reviewed at pp. 17-23 above as "not well considered" (R. 111). We respectfully submit that the reasoning of the court below fails to stand analysis just as its conclusion fails to conform to sound policy or good equity. The court's opinion rests, essentially, on two incorrect suppositions and one false contrast:

1. It hypothesizes a pervasive rule in the United States categorically precluding a successful party from recovering attorney's fees.
2. It asserts that the Lanham Act makes no provision for attorney's fees.
3. It poses a false contrast with the Patent Law.

We now consider each of these.

A. IT IS PART OF THE HISTORIC POWER OF FEDERAL COURTS OF EQUITY, TO AWARD ATTORNEY'S FEES IN APPROPRIATE CIRCUMSTANCES.

The court below states (R. 102):

"We start with the [supposed] long established principle that a successful party cannot, in an ordinary action at law or in equity, recover his attorney's fees incurred in the action, unless such recovery is provided for by statute or contract."

This is a suit in equity, and the cases cited by the court below to sustain its statement simply fail to do so as respects such suits. We review all those citations at pages 32-35, below. Federal courts *do* have the power in equity cases to award attorney's fees. In 1928, the subject was given an elaborate and scholarly study in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, 28 F.2d 233 (8 Cir.) where the court awarded attorney's fees to *defendant*. While that decision was reversed on other grounds in *Kansas City Southern Ry. v. Trust Co.*, 281 U. S. 1 (1930), this Court observed (pp. 9 and 10) that "We express no opinion on the power of a federal equity court to award attorney's fees."

In 1939, when the question again came before this Court in *Sprague v. Ticonic National Bank*, 307 U. S. 161, it covered the history in very much the same way as had been done in the *Guardian Trust* case, came to the same conclusion, affirmed the existence of the power, and put to rest any doubts on the subject. The power was unambiguously reaffirmed in *Vaughan v. Atkinson*, 369 U. S. 527, 530 (1962), when this Court stated, "As we said in *Sprague v. Ticonic Bank*, 307 U. S. 161, 164, allowance of counsel fees and other expenses entailed by litigation, but not included in the ordinary taxable costs regulated by statute, is 'part of the historic equity jurisdiction of the federal courts'."

Among the multitude of cases in the dusty books expressions of disapproval of the allowance of fees can be found. But such

expressions were not denying the power; they were simply disapproving its exercise as the ordinary practice in every case. The principal cases of this nature, including those cited by the court below in its footnote 2 (R. 102), like *Oelrichs v. Spain*, 82 U. S. (15 Wall.) 211 (1872), were carefully considered in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, supra, and correctly characterized thus (p. 244):

"But such refusals [to award fees] were based, not upon any lack of power in the court, but because it was not deemed wise policy to allow attorney's fees to be taxed as costs in ordinary equity cases. * * * We think it may be safely stated, however, that whenever there have come before federal courts of equity cases in which special facts showed that, in accordance with established principles of right and equity, costs 'as between solicitor and client' ought to be allowed, the courts have not refused to make such allowances."

The gist of the matter, as stated by this Court in the *Sprague* case, is this. The First Judiciary Act, enacted in 1789 contemporaneously with the very birth of the Republic, 1 Stat. 73, gave the federal courts the entire "body of remedies, procedures and practices which theretofore had been evolved in the English Court of Chancery." It is this body of remedies, procedures and practices which constitutes the "historic equity jurisdiction of the federal courts," and they have possessed it ever since, except as Congress may have expressly modified it. And as the English Courts of Chancery included attorney's fees in the allowance of costs, the power to do so is part of the power of federal courts. *Sprague* and *Vaughan* specifically so hold in a complete exposition.

The opinion below, stepping beyond trademark cases, goes so far as to assert that this historic equity power is confined to a case where a plaintiff's efforts have resulted in recovery of a fund in which others share (R. 113). While the court confesses

that the language in *Sprague* "does indicate a broader power, and could be used to support the power to award fees such as this" (R. 113), it asserts that in actuality *Sprague* does not go so far. But *Sprague* plainly said that the case of recovery of a fund was but one example, albeit a common one, that it did not comprise the whole of the power, and that the foundation of the practice "is part of the original authority of the Chancellor to do equity in a particular situation" (307 U. S. at 166).

Before *Sprague*, the court in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, 28 F.2d 233 (8 Cir., 1928) had answered this very contention that a fund must be present in court in order to allow an award of fees. (p. 245):

"But this fact has not conditioned the jurisdiction of the court to make such allowance. *There is no statute or rule to that effect, nor has such been the practice.*"

Since *Sprague*, other Courts of Appeals, after careful examination of what *Sprague* held, have relied on it to support the general power of a federal court in equity to award attorney's fees in cases not involving a common fund. *United Auto Workers v. American Brake Shoe Co.*, 298 F.2d 212, 214 (4 Cir., 1962), *cert. den.*, 369 U. S. 873 (1962); *Cleveland v. Second Nat'l Bank & Trust Co.*, 149 F.2d 466, 469 (6 Cir., 1945), *cert. den.*, 326 U. S. 775 (1945). In the *United Auto Workers* case the Fourth Circuit, upholding the power to award attorney's fees in a suit under the Labor Management Relations Act, reviews *Sprague* and notes that its rationale "has found application in a variety of situations in subsequent cases". Moreover, it relies (298 F.2d at 215) on federal trademark cases as authority, particularly the very decisions of the Ninth Circuit which the latter has now rejected, i.e., *National Van Lines v. Dean and Wolfe v. National Lead Company*.

The opinion below (fn. 13, R. 113) asserts that "Only one case has cited *Sprague* in a case comparable to the present one,

Carter Prods., Inc. v. Colgate-Palmolive Co., D. Md., 1963, 214 F. Supp. 383, and that was a patent case, where the statute does provide for the recovery of attorney's fees." With all deference, this description of *Carter* is inaccurate. *Carter* involved both patent infringement and theft of trade secrets, and protection of trade secrets is part of the law of unfair competition. The court awarded fees on *both* aspects of the case, as shown by the following passages (214 F. Supp. at 414-415):

"Colgate disputes, on both legal and factual grounds, the propriety of any award for services rendered . . . in connection with the trade secret issues.

* * * * *

"[Colgate asserts] that even if some award is proper it should be restricted to all or part of those fees which are attributable to the patent issues.

* * * * *

"The award of fees with respect to the patent issues is controlled by 35 U.S.C.A. § 285

* * * * *

"There is no similar statute with respect to the trade secret issues. Any such award must be based upon the inherent power of a federal court to award attorneys' fees as costs in certain types of cases. The general field has been recently explored by . . . [the *United Auto Workers* case.] The careful opinion in that case quoted basic principles from *Sprague v. Ticonic National Bank*

* * * * *

"This court reaffirms its finding and conclusion that the misappropriation of plaintiffs' trade secrets by Colgate was unconscionable, willful, and in bad faith, the equivalent of fraud. . . . Plaintiffs are, therefore, entitled to an allowance for reasonable attorneys' fees and disbursements incurred in connection with the trade secret issues as well as the patent issues."

Still again, *Sprague* was cited in support of the power to award attorney's fees in a Lanham Act case in *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962), which we discuss at pp. 36, 37 below.

Review of Citations in the Opinion Below Concerning Power of Federal Courts.

Since *Sprague* put the question to rest, a review of prior decisions need not be labored. But it is revealing to survey the citations in footnote 2 of the opinion below (R. 102). Seven of the 10 citations were actions at law, 6 of them tried before a jury and simply holding that juries may not include attorney's fees and expenses of litigation in their verdict as damages.¹⁵

The first citation, *Arcambel v. Wiseman*, 3 U. S. (3 Dall.) 306 (1796) is so sketchedly reported, in about a half page, that 76 years later¹⁶ this Court commented that it did not know what kind of action it was. But in 1820 Mr. Justice Story of this Court, while riding circuit, in *Boston Mfg. Co. v. Fiske*, 3 Fed. Cas. 957 (Case No. 1681) took the trouble to examine the original record and said that *Arcambel* "must have referred only to the general practice in the courts of common law in the United States, not to tax counsel fees in the bill of costs". He concluded that the Court had ruled as it did in *Arcambel* simply because of the particular facts of the case then before

15. *Day v. Woodworth*, 54 U. S. (13 How.) 362 (1851); *Teese v. Huntingdon*, 64 U. S. (23 How.) 2 (1859); *Flanders v. Tweed*, 82 U.S. (15 Wall.) 450 (1872); *Philp v. Nock*, 84 U.S. (17 Wall.) 460 (1873); *Stewart v. Sonneborn*, 98 U. S. 187 (1878); *Tulloch v. Mulvane*, 184 U. S. 497 (1902). *Missouri Pacific Ry. Co. v. Larrabee*, 234 U.S. 459 (1914) was a mandamus proceeding. Although in such a proceeding a court has a range of discretion, "[m]andamus is essentially and exclusively a common law remedy and is unknown to equity practice", *Heine v. The Levee Commissioners*, 86 U. S. (19 Wall.) 655, 660 (1873); it is an "ordinary action at law", *Commonwealth of Kentucky v. Dennison*, 65 U.S. (24 How.) 66, 97 (1860).

16. In *Oelrichs v. Spain*, 82 U. S. (15 Wall.) 211 (1872).

it. In *Boston Mfg. Co. v. Fiske*, *supra*, Mr. Justice Story held that a jury in a patent action at law could include counsel fees and other necessary expenses of the litigation in the damages. In *Allen v. Blunt*, 1 Fed. Cas. 450 (Case No. 217) (1846), another patent action at law, Mr. Justice Woodbury, on circuit, followed Justice Story's decision. The following year Mr. Justice Grier in *Stimpson v. The Railroads*, 23 Fed. Cas. 103 (Case No. 13,456), another patent action before a jury, disapproved the view that a jury could award counsel fees as part of its damages. But, significantly, Mr. Justice Grier said that Justice Story had been influenced by admiralty law, which derived from Civil Law, and had overlooked the fact that actions at law were different. Inasmuch as equity practice also derives from the Civil Law, Justice Grier thus recognized that equity does have power to award counsel fees. Four years later, when Justice Grier wrote the Court's opinion in *Day v. Woodworth*, 54 U. S. (13 How.) 362 (1851),¹⁷ a jury action for trespass to land, he said that the practice of including "in certain cases a sum sufficient to indemnify the plaintiff for counsel fees and other . . . litigation expenses over and above taxed costs," was "borrowed from the civil law" (p. 371). The Court thereby recognized that the power exists in equity.

The principal case relied on in the opinion below as to lack of power is *Oelrichs v. Spain*, 82 U. S. (15 Wall.) 211 (1872), a suit to recover damages on a bond given in another case to secure an injunction later held to have been wrongfully issued. That kind of an action is normally an action at law, in assumpsit, and its maintenance in equity was sustained in *Oelrichs* because of the large number of claimants. In holding that counsel fees should not have been included as an element of damages covered by the bond, the cases cited in addition to *Arcambel v. Wiseman*,

17. This is the second case cited in footnote 2 in the opinion below.

supra, were *Teese v. Huntingdon*, *supra*; *Stimpson v. The Railroads*, *supra*; *Day v. Woodworth*, *supra*; *Whittemore v. Cutter*, 29 Fed.Cas. 1120 (Case No. 17,600) and *The Baltimore*, 75 U. S. (8 Wall.) 377 (1869). All but *The Baltimore* were actions at law tried to a jury; *Whittemore v. Cutter* was an 1813 decision of Mr. Justice Story which he expressly disavowed in 1820 in *Boston Mfg. Co. v. Fiske*, *supra*. While *The Baltimore* was a suit in admiralty, it went off on the view that the Fee Bill of 1853 (10 Stat. 161) was exclusive and precluded other allowance. But nine years after *Oelrichs v. Spain*, *supra*, this Court in *Trustees v. Greenough*, 105 U. S. 527 (1881) overruled this view of the Fee Bill of 1853 as applied to suits in equity. It there ruled (p. 536) that the Fee Bill of 1853 "contains nothing which can fairly be construed to deprive the Court of Chancery of its long established control over the costs and charges of the litigation to be exercised as equity and justice may require * * *"¹⁸ Nine years later this Court said in *United States v. Waters*, 133 U. S. 208, 212 (1890), "Both before and since the enactment of the statute of 1853, courts in the exercise of their discretion have allowed counsel fees in many cases without question when reviewed by this court".

The only other equity case cited in footnote 2 in the opinion below is *Rude v. Buchhalter*, 286 U. S. 451 (1932). But that case plainly recognized that federal courts in equity may allow counsel fees, not "as of course" in every case as in England, but in proper circumstances (p. 460). There the allowance had been made, not to a plaintiff, but to a defendant. It was set aside because it had not been made by the District Court, had not been sought or was even in issue either in the District Court or

18. *Trustees v. Greenough* is cited in *Sprague v. Ticonic National Bank*, 307 U. S. 161 at 165, 166, to this very point. Although *Trustees v. Greenough* involved a fund, *Sprague* made clear that the equity power is not confined to a fund case.

in the Court of Appeals, but had been injected by the Court of Appeals without request by the one litigant or opportunity of the other to be heard. Moreover, the facts as found by the District Court showed that the plaintiff had been guilty of no inequitable conduct.

The court below dismisses as unsound every decision in a trademark case except Judge Manton's in *Gold Dust Corp. v. Hoffenberg*, 87 F.2d 451 (2 Cir. 1937). *Gold Dust* is a slender reed. In the first place, the Court of Appeals for the Second Circuit itself said in *Maternally Yours v. Your Maternity Shop*, 234 F.2d 538, 545 (1956), that it had long since overruled the *Gold Dust* case. In the second place, if the *Gold Dust* decision is predicated on the view that a court may no more award attorney's fees in equity than at law, that view was directly repudiated by this Court *two years later*. It is significant that in *Gold Dust* Judge Manton refers for support to this Court's refusal in *Kansas City Southern Ry. Co. v. Trust Co.*, 281 U.S. 1 "to pass upon the question of the existence of the power" (87 F.2d at 453). But two years later this Court met the question and upheld the power, in *Sprague v. Ticonic National Bank*, *supra*. In the third place, if *Gold Dust* is predicated on the view that the power should not be exercised in the circumstances before it, it is to be noted that the case did *not* involve an award of fees to a successful plaintiff but an award to a successful defendant. As we have seen (p. 27, *supra*), fees are much more sparingly awarded to the latter than the former, for very sound reasons.¹⁹

In short, the view of the court below that federal courts of equity may not award counsel fees cannot withstand analysis of the citations on which it is based.

19. Consciousness of the difference is reflected in the fact that statutes allowing recovery of attorney's fees in actions at law, as in anti-trust cases, make provision for the one but not for the other.

B. THE LANHAM ACT DOES NOT ABROGATE THE HISTORIC POWER IN TRADEMARK CASES; ON THE CONTRARY, IT AFFIRMS IT.

The second base of the reasoning below is the premise that the Lanham Act makes no provision for an award of attorney's fees. This, said the court, was its primary ground of decision (R. 114). But this is an erroneous premise.

While attorney's fees are not referred to in the Lanham Act in express words, Section 35 of the Act (quoted, pp. 2, 3 above) provides that

"Plaintiff shall be entitled . . . *subject to the principles of equity*, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and, (3) the costs of the action."

The Lanham Act was enacted in 1946, just five years after *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7 Cir.) and seven years after this Court's landmark decision in *Sprague v. Ticonic National Bank*, 307 U. S. 161. In *Sprague* this Court had shown that the power to award attorney's fees is part of the historic equity jurisdiction of the federal courts. In *Aladdin* the court had stated that counsel fees in trademark cases were traditionally awarded. *Nowhere in the legislative history of the Lanham Act was the power doubted or questioned.* It is inconceivable that the basic power was abrogated *sub silentio* by the Lanham Act; the rational conclusion is the very opposite, that the power was reaffirmed by the affirmation in the Act of the principles of equity. This Court, in *Federal Trade Commission v. Dean Foods Co.*, 384 U. S. 597, 609, 610 (1966) said:

"We cannot infer from the fact that Congress took no action at all on the request of the Commission to grant it or a district court power to enjoin a merger that Congress thereby expressed an intent to circumscribe traditional judicial remedies."

In *A. Smith-Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962), a Lanham Act case, Senior

Judge Leahy in a careful opinion scrutinized and rejected the very argument made by the court below. He observed (fn. 12, p. 376):

"At no point in the congressional history [of the Lanham Act] is there any statement that judicial power to tax legal fees as costs did not exist or would be forbidden absent some express statutory provision in the Act."

Citing *Sprague v. Ticonic National Bank*, *supra*, as establishing the power to grant fees, he said (p. 377):

"Mere silence and inaction by Congress cannot be held to have repealed what has been found to be a well-established judicial power. Even though the Lanham Act may have been intended to be an integrated and comprehensive set of rules for trademark regulation and litigation to the exclusion of all conflicting rules, the retention of discretionary judicial power over the fixing of costs does not seem such a threat of inconsistency that it should by implication be held preempted or repealed by the Act. Some more positive action on the part of the legislature is necessary to indicate the Congressional intent to regulate what has long been an orthodox judicial function."

Thus, had the Act omitted any reference to "the principles of equity", Congress would not be deemed by its silence to have curbed judicial powers which had theretofore existed; and the express inclusion of that phrase in the Act wholly refutes the rationale of the opinion below.

C. THE CONTRAST POSED BY THE COURT BELOW BETWEEN THE LANHAM ACT AND THE PATENT LAW AND COPYRIGHT ACT IS A FALSE ONE.

The court below relied greatly (R. 103) on a supposed contrast of the Lanham Act with the Patent Code and the Copyright Act, in that the patent statutes provide, *ipsissimis verbis*, for award of attorney's fees (35 U.S.C. § 285), as does the Copyright Act (17 U.S.C. § 116). The court cites *Teese v. Huntingdon*,

64 U.S. (23 How.) 2, 8-9 (1859) and *Philp v. Nock*, 84 U.S. (17 Wall.) 460 (1873) as patent cases in which it was held that fees could not be awarded, and the court then asserts that it is "almost incredible, that none of the other [trademark] cases [allowing attorney's fees] . . . even mentions . . . *Teese v. Huntingdon* and *Philp v. Nock* . . ." (R. 102, 111.)

This remark could never have been made about a whole roster of distinguished jurists if the court had paused to observe that *Teese v. Huntingdon* and *Philp v. Nock* were not equity cases but *actions at law for damages*, tried by a jury, and that all this Court held was that "Counsel fees are not a proper element for the consideration of the jury in the estimation of damages, in actions for the infringement of a patent right" (64 U.S. at 8; see also 84 U.S. at 462).²⁰ An express statute was necessary in patent cases to allow fees in actions at law, and the patent statute does this (*Fischer & Porter Co. v. Brooks Rotameter Co.*, 86 F. Supp. 502 (E.D. Pa. 1949)).

Moreover, there is so wide a difference between patents and copyrights, on the one hand, and trademarks on the other as to require an express statutory grant for the allowance of fees in cases of the first two but not in the case of the trademark. Both the patent right and the copyright are purely creatures of Congressional will, of statute, without which they cannot exist. And both are exceptions to the deep policy against monopoly, for both are the most rigid kind of monopoly. Patents and copyrights exclude the whole world but the owner from any trade or commerce in their subject matter. Justly, then, the remedies for their vindication are what Congress sees fit to prescribe expressly, and no more.

The trademark is radically different. In the first place, it is not a creature of statute at all but of equitable principles. *Trade-Mark*

20. The only citation in *Teese v. Huntingdon* relative to counsel fees is *Day v. Woodworth*, 54 U. S. (13 How.) 362. As we have seen (at p. 33 supra), that was a jury tried action at law for trespass to realty in which this Court distinguished between common law and civil law, i.e., between law and equity power.

Cases, 100 U.S. 82, 92 (1879); *G. & C. Merriam Co. v. Saalfeld*, 198 Fed. 369, 372 (6 Cir., 1912).²¹ In the second place, it creates no monopoly, and its protection does not carve out an exception to a public policy but forwards the policy of protecting the public from fraud. It is a mark of identification, of individuality, of origin and of good will. The whole world is free to deal in the same goods but not under false colors.²² The right to trademark protection existed before any Act of Congress; the federal Act simply provides federal remedies in recognition of the importance of trademarks. The remedies for vindication of trademarks spring from that body of Chancery practices imported by the Judiciary Act. While Congress may subtract remedies, it would do so expressly, not by attenuated inferences.

21. So also, *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581, 590, n. 2 (6 Cir. 1955); *Pacific Supply Cooperative v. Farmer's Union Central Exchange*, 318 F.2d 894, 905 (9 Cir., 1963), cert. den. 375 U.S. 965 (1964).

22. As said in *United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918), a trade mark right "has little or no analogy" to a copyright or patent (p. 97) and

"In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold." (p. 98)

Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946), reporting on H.R. 1654, which became the Lanham Act, states (U. S. Code Congressional Service, p. 1275):

"* * * no monopoly is involved in trade-mark protection.

"Trade-marks are not monopolistic grants like patents and copyrights (*Trade-mark cases*, 100 U.S. 82)."

In *Standard Oil Company (Kentucky) v. Humble Oil and Refining Co.*, 363 F.2d 945, 954 (5 Cir. 1966) the court observed:

"A product has not won on its own merit if the real reason the public purchases it is that the public believes it is obtaining the product of another company. There is not now, nor has there ever been, a conflict between the antitrust laws and trademark laws or the law of unfair competition. The antitrust laws could go no further than to envision Humble's entering the market and competing under one of its non-Standard Oil tradenames and marks. In this way Humble could obtain customers based on its own merits."

D. ATTORNEY'S FEES CAN BE AWARDED IN LANHAM ACT CASES AS COMPENSATORY FOR LOSS INFLICTED.

Although the English Chancery practice, from which federal courts derive their powers in equity, grants counsel fees under the rubric of "costs", the rubric is of no moment. Federal courts have awarded counsel fees without reference to the term "costs", *Vaughan v. Atkinson*, 369 U.S. 527 (1962). As already noted, *Aladdin Manufacturing Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7th Cir. 1941) stated that in trademark cases counsel fees were in some instances said to be "recoverable as part of the compensatory damages and in other cases as part of the exemplary damages". An award which merely makes plaintiff whole for what he must reasonably pay is compensatory, as this Court held in *Vaughan v. Atkinson*, supra. In *United Auto Workers v. American Brake Shoe Co.*, 298 F.2d 212, 213 (4 Cir. 1962) the court said that "[i]n actions for unfair competition attorney's fees are assessed as an element of damages when the wrongdoer's action is unconscionable, fraudulent, willful, in bad faith, vexatious, or exceptionable."

Section 35 of the Lanham Act allows both damages and profits and provides for augmenting them by multiple award where warranted by equity. Curiously, the opinion below would press from this fact an implication against allowance of counsel fees, when the rational implication is to the contrary. The court below speculates (R. 104, 105) that Congress gave courts so broad an authority to award damages in excess of those proved that "it may well have felt—as we do—that it would be piling Pelion on Ossa to provide for attorney's fees as well." But there are no damages to treble if actual damages are not proved. If compensatory recovery were confined to loss of sales or diversion of business, and if the expenses to which a plaintiff is put in protecting his trademark from theft, attrition or dilution cannot be included in even single compensatory award, Section 35's provision for damages would be in most cases a cynical futility. It is commonplace learn-

ing that more often than not a plaintiff in a trademark case cannot prove loss of sales or diversion of business for the simple reason that in the nature of things this kind of evidence is hard to come by; for that reason equity does not require evidence of actual confusion to obtain an injunction. *Miles Shoes, Inc. v. R. H. Macy & Co.*, 199 F.2d 602, 603 (2 Cir. 1952), *cert. den.* 345 U.S. 909; *Harold F. Ritchie, Inc. v. Chesèbrough-Pond's, Inc.*, 281 F.2d 755, 761 (2 Cir. 1960). At other times damages are absent because the parties are operating in different markets or are not selling the same kind of goods, although these facts are no defense to the infringement.²³ The Act entitles a plaintiff to an accounting of profits whether or not he can prove and thereby recover actual damages. This it does, not in lieu of damages, but on the principles of unjust enrichment; if defendant has profited by use of plaintiff's property, in equity those profits belong to the plaintiff. *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 259 (1916); *Monsanto Chemical Co. v. Perfect Fit Products Co.*, *supra*; *Baker v. Simmons*, *supra*; *Blue Bell Co. v. Frontier Refining Co.*, 213 F.2d 354 (10 Cir., 1954). To deny the power to award attorney's fees to the plaintiff because a defendant has profited by his wrongful use of plaintiff's property and can be forced to disgorge what does not in equity belong to him is to confuse the rationale of the several remedies.

E. THE DISTRICT COURT ACTED WELL WITHIN ITS DISCRETION IN DECIDING TO AWARD ATTORNEY'S FEES.

The court below also cites its decision in *Park-In-Theatre, Inc. v. Perkins*, 190 F.2d 137 (1951) and states that under the standards there laid down the award here "would not be proper even if the

23. *Monsanto Chemical Co. v. Perfect Fit Products Co.*, 349 F.2d 389, 391 (2 Cir. 1965), *cert. den.* 383 U.S. 942 (1966); *Baker v. Simmons Co.*, 325 F.2d 580, 582 (1 Cir. 1963); *Blue Bell Co. v. Frontier Refining Co.*, 213 F.2d 354 at 362-3 (10 Cir. 1954); *Dad's Root Beer Co. v. Doc's Beverages, Inc.*, 193 F.2d 77 (2 Cir. 1951); *Maternally Yours v. Your Maternity Shop, Inc.*, 234 F.2d 538, 545 (2 Cir. 1956).

Lanham Act contained the same provision for recovery of attorney's fees as does the Patent Law" (R. 109, 106). This is an unsound comparison. *Park-In-Theatre* involved an award of attorney's fees to a *successful defendant*, not to a successful plaintiff; we have noted the difference between the two situations at pp. 27, 35, *supra*. To award fees to a defendant requires a highly aggravated situation, but in the *Park-in-Theatre* case plaintiff had acted in the highest good faith. He lost his patent infringement suit on a finding that his patent lacked invention. But he honestly believed that it was a good patent, and prior decisions in suits by him against others had "afforded ample ground for a belief that the claim here in suit was sufficiently substantial to merit litigation." 190 F.2d 142, 143. There is no similarity to the facts of this case. The opinion below (at R. 100) purports to see a similarity in the fact that at the first trial the District Court had found no infringement. But that judgment had been reversed because it rested, not on any finding of honest conduct by respondents, but on a fundamental "misconception of the law", viz., the out-moded notion that goods had to be of the same "descriptive properties". (App. 3, 4; 314 F.2d 149, 151, 152). The Court of Appeals on the first appeal and the District Court on remand both found that respondents acted *from the most improper motives and for reprehensible purposes* (see pp. 7-9, *supra*).

No one was better able to appraise the situation than the District Court on remand, and its exercise of discretion to award fees can by no stretch of imagination be called improper or an abuse. Former decisions of the Ninth Circuit show a truer appreciation of the irrelevance of a defendant's having gained an initial decision in the trial court. In *National Van Lines v. Dean*, 237 F.2d 688 (9 Cir. 1956), *Wolfe v. National Lead Co.*, 156 F. Supp. 883, 893 (N.D. Cal., 1957), *aff'd* 272 F.2d 867, 873 (9 Cir. 1959), and *High Fidelity Recordings, Inc. v. Audio Fidelity, Inc.*, 305 F.2d 86, 89 (9 Cir. 1962), *cert. den.* 371 U.S. 934

(1962), the plaintiffs were awarded attorney's fees where defendants had prevailed in the District Court but had been reversed. In the *Wolfe* case the court plainly observed (272 F.2d at p. 871):

"Whether he believed himself to be within the law or not, he was knowingly and deliberately cashing in upon the good will of appellee. * * * One may view with some skepticism the proposition that the conduct of Wolfe from time to time throughout this continuing and constant course of infringement assumed an aspect of innocence wholly free from the original fraudulent intent."

Such is this case.²⁴

Granting the power to make an award, reasonableness of the amount of fees awarded is also a question peculiarly within the discretion of a trial court, and its decision is reversible only for "plain and palpable abuse of discretion", both in federal and California practice. *S. E. Hendricks Co. v. Thomas Pub. Co.*, 242 Fed. 37, 42 (2 Cir. 1917); *Merchants' & Manufacturers' Securities Co. v. Johnson*, 69 F.2d 940, 945 (8 Cir. 1934); *Baker v. Eilers Music Co.*, 175 Cal. 652, 166 P. 1006 (1917); *Estate of Duffill*, 188 Cal. 536, 206 Pac. 42 (1922);

24. In respondents' brief in opposition to the petition Maier asserted (at pp. 7, 8) that it was advised by a lawyer that it had the right to use "Black & White". The lawyer Maier so refers to is the the San Francisco counsel who tried the case (R. 17, 48). Since both respondents are located in Los Angeles and did not know in advance that suit would be filed in the Northern District of California instead of the Southern District, it is obvious that Maier consulted this counsel only after suit was filed. The evidence at the first trial was clear and uncontradicted that when respondents adopted the name "Black & White", they did so without consulting any lawyer, as the opinion of the court below on the first appeal explicitly found (314 F.2d at 157 and fn. 7; App. 8). When thereafter, on being asked to discontinue, Maier consulted an attorney, that counsel regretted that it would not discontinue, and he was replaced (see p. 5, supra). If the fact that after suit is brought an attorney is found who is willing to defend suit were enough to defeat an award of counsel fees, counsel fees could never be awarded. The District Court's appraisal of the significance of the facts as bearing on the equities of awarding counsel fees was realistic and wise.

Elconin v. Kulen, 208 Cal. 546, 282 Pac. 791 (1929); *State of California v. Westover Co.*, 140 C.A.2d 447, 295 Pac. 2d 96 (1956).

CONCLUSION

We submit that the District Court had power to award attorney's fees and litigation expenses to petitioners, that the circumstances more than warranted the exercise of that power, and that the District Court did not abuse its discretion in making the award. We therefore respectfully submit that the judgment of the Court of Appeals should be reversed and the cause should be remanded to the District Court to proceed to entry and enforcement of final judgment accordingly.

Dated: San Francisco, California, December 6, 1966.

MOSES LASKY

Attorney for Petitioners

(Appendix Follows)

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Appendix

Portions of Opinion of Court of Appeals on First Appeal (314 F.2d 149)

Pope, Circuit Judge:

Fleischmann Distilling Corporation, here called Fleischmann, filed in the court below its complaint for trademark infringement and unfair competition against Maier Brewing Company, here called Maier, and Ralphs Grocery Company, here called Ralphs, seeking an injunction restraining the defendants from using the name "Black & White" upon beer manufactured by Maier and sold by Ralphs. It asserted that such use of that name was an infringement of a trademark "Black & White" used on Scotch whisky manufactured abroad by James Buchanan & Company, here called Buchanan, and imported and sold by Fleischmann in the United States.

Jurisdiction in the court below was invoked by reason of the diversity of citizenship of the parties with the requisite amount in controversy, and also on the ground that it "arises under Acts of Congress relating to trademarks, [citing the Acts of February 20, 1905, and of July 5, 1946, hereafter referred to], and also asserts a related claim of unfair competition." Subsequently Buchanan filed a complaint in intervention against the same defendants adopting and incorporating therein Fleischmann's complaint and joining with Fleischmann in the prayer for relief.

Fleischmann and Buchanan, together, will be referred to herein as plaintiffs. After trial to the Judge, sitting without a jury, the court below entered its findings of fact and conclusions of law and a judgment finding generally for the defendants and against the plaintiffs, dismissing the action and awarding the defendants their costs. This appeal followed.

As the trial Judge noted in his opinion, the record presents no basic dispute as to the facts. Buchanan and its predecessor

have blended and sold Scotch whisky under the name "Black & White" since before the turn of the century, and have marketed the product in the United States under that name for more than 50 years. Buchanan registered the name as its trademark for Scotch whisky in the United States Patent Office in 1908, and in California in 1911. The federal registration was renewed under the Act of 1946 in 1948. Fleischmann has been the sole importer of Black & White whisky in the United States since 1948.

With respect to this Scotch whisky the trial court found as follows: "8. 'Black & White' Scotch whisky is a widely known Scotch whisky. It is the leader among Scotch whiskies. Its sales have exceeded one hundred million bottles during the tenure of Fleischmann and more than five hundred thousand cases have been sold in the six year period between 1951 and 1957, in California, more than half of which were sold in Los Angeles County where Ralphs does business. In the alcoholic beverage industry the name 'Black & White' has come to mean Scotch whisky." During the six year period mentioned, the plaintiffs expended more than five million dollars in advertising their Black & White Scotch whisky.

Maier is a brewing company in Los Angeles, and Ralphs owns and operates a chain of grocery stores in that area. Maier brews a low price beer which it sells under a variety of different labels. In the summer of 1956, Ralphs was seeking to obtain an inexpensive beer for sale in its chain of stores under a label for Ralphs' exclusive use. The upshot was that Maier sold beer to Ralphs through a wholesaler under the label Black & White. In December, 1957, Maier was notified by attorneys for Buchanan that they considered Maier's use of the Black & White name a trademark infringement and unfair competition. Maier was asked to discontinue using the name. A similar notice was sent to Ralphs the following May. These demands were refused and this suit followed.

Among the findings from which the trial court drew its conclusion that plaintiffs had not made a case against the defendants was Finding No. 28 as follows: "28. There is no real competition between plaintiff's Scotch whisky and defendants' beer. This lack of real competition renders it unlikely that there is, or will be, any confusion as to source in the mind of a buyer." This finding seems to suggest that Buchanan, as owner of a registered trademark, would be foreclosed from recovery if there was no real competition between plaintiffs' Scotch whisky and the beer. We think this finding indicates a misconception of the law here applicable, and of the significance of lack of competition.

The earlier trademark Act, that of 1905 (33 Stat. 724, et seq.), provided that a right of action to suppress an infringement of a registered mark arose only if the infringement was used on "goods of the same descriptive properties" as the registrant's goods. However, the Lanham Act of 1946 (60 Stat. 427, 15 U.S.C. § 1051, et seq.) made plain that infringement might be found and prohibited, though the use of the registered mark was upon goods having different descriptive properties than those set forth in the registration, and though in consequence there was no actual competition between the parties. This Act prohibits use without the registrant's consent "of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services."

Thus the question to be determined here is whether the use by Maier and Ralphs of the name "Black & White" on their beer "is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services."

* * * * *

"We proceed then to the inquiry whether under the circumstances here shown the use of the name Black & White on defendants' beer is likely to cause confusion as to the source of origin. Another finding of the trial court which may tend to explain the conclusion arrived at is Finding 22 as follows:

"22. Scotch whisky and beer, although both containing alcohol, are goods of distinctly different properties."

For the reasons previously noted this finding is of no assistance in determining the question of likelihood of confusion. The Lanham Act has done away with the old concept of "goods of the same descriptive properties." We think that the trial court failed fully to appreciate this effect as is evidenced by the fact that in the court's opinion which accompanied its findings, reliance was made upon certain court decisions all of which antedated the Lanham Act.

* * * * *

We think the record shows that the findings confirm that Buchanan had a trademark valid both at common law and under the applicable federal acts. If it be proper to speak of trademarks as being "strong" marks or "weak" marks,³ Buchanan's mark was assuredly a strong one. As used here, Buchanan's "Black & White" is not a descriptive term, nor does it indicate anything that has the qualities of black and white. * * *

* * *, we can say that the trademark Black & White is not used "otherwise than in a fictitious, arbitrary and fanciful manner."⁴ This was recognized in the findings of the trial court

3. See *Sunbeam Lighting Co. v. Sunbeam Corporation*, 9 cir., 183 F. 2d 969, 973.

4. In that case we relied upon and quoted from *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*, 240 U.S. 251, dealing with the trademark "The American Girl" in connection with shoes. Some similar marks appear in the cases cited in appellants' footnote 13 which we have quoted above, such as the name "Seventeen" applied to a magazine, "Eskimo Pie" applied to an ice cream product, and "Minute Maid" applied to frozen juice.

where in Finding 8, which we have quoted above, it was stated: "In the alcoholic beverage industry the name 'Black & White' has come to mean Scotch whisky". This can have no meaning other than that it has acquired an arbitrary, fanciful, and secondary meaning.

The statement just quoted from Finding 8 has one corollary which necessarily follows from it, and which may be properly added to it;—the Scotch whisky, which the name Black & White has come to mean, is Buchanan's Scotch whisky.

* * * * *

And while we recognize that a multitude of persons engaged in supplying wholly different and distinct sorts of goods or services and using the name Black & White would not be chargeable with any wrong toward Buchanan or its trademark, yet there is an area in which the use of that name by others on products that are not Scotch whisky would plainly lead to confusion and mistake of the kind prohibited by the Lanham Act. An illustration of such use would be adoption of the name Black & White by a distiller of Bourbon whisky. The question which we must answer is just where the line must be drawn between the uses of Black & White that would be unexceptionable and those that should be enjoined because of the likelihood of confusion.

We have noted the recital in Finding 8 that "in the alcoholic beverage industry the name 'Black & White' has come to mean Scotch whisky." We have also noted that this means Buchanan's Scotch whisky.

Of course there may not be one in a hundred buyers of this whisky who knows that it is made by Buchanan or wholesaled by Fleischmann. Probably all that such buyers know is that Black & White Scotch whisky has satisfied them in the past or that they have heard of it and the average purchaser would no doubt select for the use of his guests something with which he was familiar and thus purchase Black & White whisky. What

are we to say about the same purchaser who starts for home on a hot evening and decides to take home beer for refreshment? He stops at Ralphs and notes beer bearing the label "Black & White" in that store's stock. We think it to be plain that the likelihood of confusion and mistake is present here and is established by the record.⁵ Assuming that the trial court's finding that it is "unlikely that there is, or will be any confusion as to source in the mind of a 'buyer'" is a finding of fact and not a legal conclusion, we hold that it is clearly erroneous.

It is our view, and we so hold, that the average purchaser, as the courts have described him, would be likely to believe, as he noted the Black & White beer in Ralphs' stores, that the maker of the beer had some connection with the concern which had produced the well known Black & White Scotch whisky. It is not material whether he would think that the makers of the Scotch whisky were actually brewing and bottling this beer, or whether it was being produced under their supervision or pursuant to some other arrangement with them. He would probably not concern himself about any such detail.⁶

5. The customer who buys one of these products presumably has in mind the taste and desires of himself, his family and his guests. The known tastes and habits of one's anticipated guests would no doubt determine which product or how much of each the purchaser would take home.

Plaintiffs' witness Baumgarten testified: "Well, again, as I said, anything in the alcoholic beverage industry, we are all striving to get part of that business. If I go into a bar or a package store I might decide that I want a beer, or I might decide that I want a bourbon, a vodka, a gin or a Scotch. And if I go into a package store to take it home, or if I go in to have a drink at a bar, you are all in competition, in my opinion."

6. Cf. Callman, "Unfair Competition and Trade Marks," 2nd Ed. pp. 1361, 1362: "The varying degrees and types of possible connection are, of course, myriad, and whether any connection will be assumed by the public may well depend upon the custom in the trade, as it is known to the public, whether the custom be recognized by law or not. In this connection, the defendant's name may create the impression that it is a corporation affiliated with the business of the plaintiff, or a dealer may be assumed to be in a particularly close relationship with a producer, or a

As the trial court noted, we are dealing here with operations in the alcoholic beverage industry. It seems to us that necessarily the use on defendants' alcoholic beverage of Buchanan's trademark would be likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods.

The circumstances under which Maier began the use of this name on its beer are such as tend to confirm our conclusion as to the likelihood of confusion. A salesman who had once worked for St. Claire Brewing Company suggested the name Black & White to the head of Maier. Maier had been selling its beer to sundry customers under various labels and names and was then approached by one Molner, a wholesaler, with a view to procuring a beer which he could sell at wholesale to Ralphs Grocery Company under a name reserved for Ralphs only. Maier's general sales manager testifying, described the conversation with this wholesaler as follows: "Another thing discussed was the matter of a brand name that we could make available. At that time the only label we had available that we were not using or that was not in use by someone was Black & White Lager Beer, which we had one or two sample labels which Mr. Mosiman had given me some time ago of the label Black & White beer. We showed them to Molner and he brought up the question of Black & White beer, or, rather, the name Black & White also being used for Scotch. He was told that we knew there was a Black & White Scotch. Its one of the most popular brands of Scotch. But that from our check that had been made, the name Black & White had been used on beer as was evidenced by the label, the sample labels we had.

service station may invoke a name that falsely identifies it as a branch of a manufacturer." And see, *L. E. Waterman Co. v. Gordon*, 2 cir., 72 F. 2d 272, 273: "The theory on which the wrong has been extended to include the use of the mark on goods never made or sold by the owner, is that, though the infringer's user cannot at the moment take away his customers, it may indirectly do so by tarnishing his reputation, or it may prevent him from extending his trade to the goods on which the infringer is using the mark."

It was not at the present time being used for beer any place else in the United States that we could determine. We knew it was not being used in California because we had checked with the Alcohol Control Board on price postings, and also that the brand was available—the brand name was available for use on beer. That was the end of it." When asked by counsel as to what he and the head of Maier considered with reference to the fact that there might be a conflict with Black & White Scotch if they adopted the name Black & White for beer, he testified: "I knew that there was and is a brand of Scotch Black & White, and I knew it was on the market. I knew it was one of the most popular brands on the market of Scotch. I could see no conflict between them—any possible conflict on the part of anybody between a can of beer on the one hand and a bottle of Scotch on the other, as to their being interchangeable, one product to the other."

The trial court found that Maier adopted the Black & White label for beer "in good faith". If by this finding the court meant

7. Kalmanovitz, the head of Maier, testified in his deposition as follows: "Q. At the time you adopted the name of Black and White for your beer, did you give any thought to the fact that was the same name that was being used on the Buchanan whiskey? A. Well, I had the knowledge that it was a Black and White scotch. Q. Did you think about it affirmatively, give any consideration to it when you adopted this label? A. I thought of it, but I couldn't find any relation, none whatsoever, between whiskey and beer. Q. Did you have any discussion on that point with anyone else? A. Possibly, just passing remark. Q. You have no definite recollection of it? A. Well, I said possibly was some comments, nothing of any importance. Q. Well, did you remember any such comment? A. Yes, I believe somebody mentioned, that I hear some remarks, a slighting remark, not any consequences that stayed in my mind. Q. You say 'a slighting remark'; what do you mean by that? A. Well, I mean I drink scotch and I know Black and White. There is no question and there is a scotch product on the market Black and White. Q. You know that it is advertised extensively? A. Well, I don't know how extensively. Occasionally I see on the billboards here and there. I don't know any degree in the State of California. Q. You have no recollection, I take it, of discussing with any lawyer the question whether there would be a conflict in the names? A. No. Q. The thought occurred to you personally? A. None whatsoever. I was positive in my mind then as I am now there is no relation between Black and White scotch whiskey and Black and White beer."

to say that Maier thought that under the law it had the right to use the label, no fault can be found with it. It is plain from the testimony quoted above that Maier was laboring under the same mistake of law which we have noted in the trial court's findings, namely, that since the goods had distinctly different properties, there was no real competition between whisky and beer, and hence that defendants' adoption of the label would be lawful because no confusion would be likely. But if the finding of good faith is intended to mean that defendants did not intend to adopt Buchanan's Black & White name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, then the finding is clearly erroneous.

The manager knew that the Black & White Scotch "was one of the most popular brands on the market" and when the wholesaler brought up the question of Black & White also being used for Scotch, the manager told him that he knew there was a Black & White Scotch, "one of the most popular brands". Without seeking any legal advice these officers of Maier simply decided for themselves that there was no relation between Scotch whisky and beer and decided to go ahead.

We cannot conclude but that Maier deliberately adopted the name knowing that Black & White was the name and trademark of Buchanan and they must have done so with some purpose in mind.⁸ The only possible purpose could have been to capitalize upon the popularity of the name chosen. This popularity, they must have known, would extend to their product because the public would associate the name Black & White with something

8. The record shows not only a knowledgeable adoption of the name, but also an insistence on continuation of the imitation after notice to stop. See Restatement, Torts, § 716: "Moreover, regardless of the defendant's initial purpose or knowledge, an injunction for the future was deemed appropriate because continuance of the imitation after the notice was acquired in the suit would be tantamount to 'fraud.'"

old and reliable and meritorious in the way of an alcoholic beverage.⁹

It is well settled that plaintiffs were not obliged in order to make a case against the defendants to prove a wrongful intent. *Safeway Stores v. Rudner*, 9 cir., 246 F. 2d 826, 829. But when the evidence does show or require the inference that another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built up, then the inference of likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit. *American Chicle Co. v. Topps Chewing Gum*, 2 cir., 208 F. 2d 560, 562; *Miles Shoes, Inc. v. R. H. Macy & Co.*, 2 cir., 199 F. 2d 602, 603; *National Van Lines v. Dean*, 9 Cir., 237 F. 2d 688, 692. As was said in the last cited case: "[I]f such an intent is shown, it raises a presumption that deception and confusion resulted."¹⁰

Furthermore, Maier knew, just as we do, that it had open to it a whole dictionary full of words, an encyclopedia full of proper names, and a world atlas full of place names from which to select a non-offending label. The evidence shows that at the time Maier was using no less than 21 separate names or labels.¹¹

9. Maier's manager testified that when the wholesaler Molner approached him they discussed the matter of a brand name. "At that time the only label we had available that we were not using or that was not in use by someone was Black & White Lager Beer." All that this can mean is that Maier had found that no other beer was then being marketed under that name, and Maier had obtained sample labels bearing the name. Maier never purported to have any connection with St. Clair. And at the time of his conversation the St. Claire company and its beer had been dead and gone 18 years.

10. See the discussion of this matter in Restatement, Torts, § 729, comment f.

11. These names were: ABC, Haufbrau, Steinbrau, 102, East Bavaria, Maier's Select, Padre, Rex, Black & White, Old Heidelberg, Old Time, Dodger, Better Foods, Cake, King Kole, Corey, McDaniels, Shoppers,

When a newcomer takes the name of Black & White and makes use of it on a product which in the mind of the buyer is related to or associated with the product of the original trademark owner, we think it may be said that confusion as to the source of origin is likely to result. The use need not be the same as, nor one in competition with the original use. The question is, are the uses related so that they are likely to be connected in the mind of a prospective purchaser?

This is a test which was early applied by the Second Circuit in a somewhat similar case. That court was one of those which prior to the Lanham Act gave to the 1905 Act a liberal construction which anticipated the changes that were written into the Lanham Act to which we have previously alluded.¹⁴ That case was *Aunt Jemima Co. v. Rigney & Co.*, 2 cir., 247 F. 407, 409.^{14a}

We think it must be said here, as in the *Aunt Jemima* case, *supra*, that beer and Scotch whisky, being both within the alcoholic beverage industry, are "so related as to fall within the mischief which equity should prevent." And, as suggested in the *Yale Electric Corporation* case, *supra*, we cannot hold that Maier's use is so

Alpine, Golden Brew, Golden Grain.

Surely this list did not exhaust Maier's ingenuity. The only rational explanation for the insistence on using Black & White was to trade on the other Black & White's good will.

14. See Robert, "Commentary on The Lanham Trade-Mark Act," appearing in 15 U.S.C.A. §§ 81-1113 (1948 ed.) p. 265, at 286: "Under the 1905 Act a right of action to suppress an infringement of a registered mark arose only if the infringement was used on 'goods of the same descriptive properties' as the registrant's goods. In its practical application, the phrase 'good of the same descriptive properties' was construed strictly by some courts and liberally by others, with the inevitable result that no one knew precisely what it meant. Strict construction required that the goods be the same, and some courts held that there must be actual confusion of goods before relief could be granted. But many courts reasoned that if the goods were unlike but somewhat related, purchasers might mistakenly think that the goods of both parties emanated from the same source."

14a. — [Omitted]

foreign to that of Buchanan's as to insure against any identification of the two.

It is not incumbent upon us here to express any opinion as to whether other uses of the name on products outside of the alcoholic beverage industry would or would not be infringement of the trademark.

* * * * *

And because we have found adequate legal support for our conclusion in the Lanham Act, we do not consider here the appellants' argument that California law, statutory and decisional, compels the same conclusion.

* * * * *

We hold therefore that the court below was in error in denying the injunction prayed for.

The judgment is reversed and the cause is remanded to the district court with directions to enter judgment in accordance with this opinion. The question of plaintiffs' right to an accounting, not having been dealt with on the previous trial, remains for decision by the district court.

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In the Supreme Court

OF THE

United States

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

VS.

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation,

Respondents.

RESPONDENTS' BRIEF

On Writ of Certiorari to the United States Court of Appeals
for the Ninth Circuit

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RESPONDENTS' BRIEF

**On Writ of Certiorari to the United States Court of Appeals
for the Ninth Circuit**

INTRODUCTION AND REFERENCES

The decision under review (Transcript of Record, 97-115) is reported in 359 F.2d 156 and in 149 U.S.P.Q. 89 and is herein sometimes referred to as the decision

and as paginated in the Transcript of Record (herein TR). The decision is unanimous and was rendered upon an *en banc* hearing of the nine judges of the Court of Appeals. An earlier decision in the cause is reported in 314 F.2d 149 (reversing 196 F. Supp. 401, *cert. den.* 374 U.S. 830) and is herein sometimes referred to as the first opinion. Petitioners' brief herein is sometimes referred to as PB.

The Lanham Trademark Act (15 U.S.C. 1051-1127) is sometimes referred to as the act and references to state are to the State of California and to state codes and statutes as those of that state.

Unless otherwise indicated, emphasis, insertions and omissions in quotations herein are supplied by counsel.

STATEMENT AS TO JURISDICTION

Jurisdiction has been conferred by 28 U.S.C. 1254 (1) upon the Court's granting of petition for a writ of certiorari (TR 116). Jurisdiction of the Court of Appeals is conferred under 28 U.S.C. 1292 (b) and that of the District Court, under 15 U.S.C. 1121. There is no pendent, or other, jurisdiction unrelated to the act.¹

¹In the first opinion (314 F.2d 149, 161) the Court of Appeals made its ruling as follows:

"And because we have found adequate legal support for our conclusion in the Lanham Act, *we do not consider* here the appellants' argument that *the California law, statutory and decisional, compels the same conclusion.*"

There is no suggestion in the record that either respondent is engaged in interstate or foreign commerce or that the activities of either impinge upon such commerce.

RESPONDENTS' STATEMENT OF THE QUESTION PRESENTED UPON REVIEW

The only question presented for decision in the cause² may be stated as follows, namely:

May the District Courts of the United States award attorneys' and litigation expenses incurred in a suit under the act based on use of a plaintiff's registered trade name by a defendant wherein—

1. An injunction has been granted on the sole ground that such use is likely to cause confusion in the future as to the source of origin of defendant's merchandise;

2. It is conceded that no damage has been suffered;

3. No showing or ruling upon an accounting has been had;

4. All questions of unfair competition under state law have been eliminated; and

5. The respective parties are prohibited by state regulatory statute³ from engaging in competition, one with the other.

²Appellants have reserved the appellate issues of lack of support in the record for an award and that the purported award is excessive (appendix, page 2). The Court of Appeals, however, placed its decision upon the ground that the District Court lacked authority to make an award of this nature under the act. Since the latter ruling made consideration of alternate assignments of error unnecessary, the appellate issues were narrowed to the ruling of the Court of Appeals (TR 98, 114).

³See the Twenty-first Article of Amendment to the Constitution of the United States (*State Board of Equalization v. Young's Market Co.*, 299 U.S. 59, 57 S.Ct. 77, 81 L.Ed. 38) and sections 23366, 23771, 23775 and 23402 of the Business and Professions Code of the State of California. None of respondents' activity has been shown to have occurred in interstate commerce.

Respondents apprehend that the only basis of federal jurisdiction to be advanced is statutory and the exclusive principle of governance germane to the question is that of legislative policy of the Congress: whether trademark litigants should be allowed to recover attorney's fees in prosecuting and defending their rights as registrants under the act.

Respondents further apprehend that the principles of review invoked are those of statutory construction of the act, particularly section 1117 (15 U.S.C. 1117), on its face and in the context of the act and its statutory history.

It is submitted that the decision of the Court of Appeals has accurately analyzed the act and its history, correctly applied the relevant principles of statutory construction and that its analysis and rulings should, for these reasons, be affirmed by the Court.

It is noted that petitioners implicitly concede these circumstances, but appear to seek reversal of the decision upon considerations extraneous⁴ to the act and irrelevant to any issue in litigation (PB 2, "Questions Presented").

⁴See the statement of principle and citation of authorities in *Glenn v. Advertising Publications, Inc.*, 251 F.Supp. 889, 901:

"The phrase 'to protect persons engaged in such commerce against unfair competition' inserted in the middle of this sentence does not, in and of itself, create a general federal law of unfair competition in interstate commerce. This general language must be attributed to a particular section of the Act. *American Auto. Ass'n v. Spiegel*, 205 F.2d 771 (2d Cir. 1953), cert. denied, 346 U.S. 887, 74 S.Ct. 138, 98 L.Ed. 391 (1953)."

and compare: *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661, 668; and *Compco Corp. v. Day Brite Lighting*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669, 672.

RESPONDENTS' STATEMENT OF THE CASE

Respondents are unable to concur in petitioners' statement of the case and respectfully submit that petitioners' remarks at this place (PB 3-10) consist substantially of argument and irrelevancies and, in some respects, patent inaccuracies.

While it is respectfully submitted that the factual considerations relevant to the question presented for review are accurately and adequately set forth in the opinion and rulings of the Court of Appeals (TR 97-115) and that neither restatement nor comment is likely to prove helpful, respondents outline such further factual considerations as appear likely to be helpful as an aid to decision herein.

Respondent Maier manufactures and sells in California what are known as "private brands" of beer for sale to its customers—including respondent Ralphs—a retailer of foods in Los Angeles, California.

The name "black and white" had been registered with California authorities and used as a brand name for beer in California by the St. Claire Brewing Company for the period of 1935 through 1938—when it was abandoned by that brewer. Information of such use and abandonment were conveyed to Maier by one of its employees formerly employed by the St. Claire Brewing Company. In 1956, Maier required a "private brand" of its beer for sale to Ralphs for resale at retail and adopted the name of "black and white" for that purpose (TR 13). Maier's executives believed, in adopting the black and white name as previously registered, used, and abandoned in California,

that beer and scotch whisky were distinct products.⁶ and that such use should not cause confusion among the buying public (TR 13 and first opinion 314 F.2d 149, 157).

The name black and white had been used on many beverage products and had been registered with the United States Patent office and with California authorities in connection therewith, including a registration, in California, of that name for beer (TR 14).

It is admitted (TR 14 and 16, quotation) and adjudicated (in the first opinion, 314 F.2d 149, 158-159) that no actual confusion of Buchanan's and Maier's products ever occurred at any time.

Maier did not simulate any feature of Buchanan's trademark, or label, or of its advertising format, or symbols (TR 13) and neither of respondents advertised black and white beer.

California and federal food and regulatory laws have expressly required label identification of source upon all containers of alcoholic beverages (e.g. sections 25200-25212 of the Business and Professions Code) and there is no suggestion that Maier, or Buchanan, failed to conform to this requirement.

When attorneys for petitioners wrote Maier to claim infringement of Buchanan's name, Maier's attorneys advised Maier its use of the name black and white was lawful (TR 48-52) and litigation, if instituted,

⁶The reported adjudications to this effect include: *Atlas Beverage v. Minneapolis Brewing Co.*, 113 F.2d 672; *Arrow Distilleries v. Globe Brewing Co.*, 117 F.2d 351 and *Century Distilling Co. v. Ph. Schneider Brewing Co.*, 26 F.Supp. 936 (Aff. 107 F.2d 699).

should be defended and that such defense should be successful (TR 48). One of Maier's attorneys conveyed this position to petitioners' counsel (TR 53-54 and 59).

The instant litigation resulted and findings and judgment were rendered in favor of respondents (TR 12-16).

The first appeal (314 F.2d 149) followed, wherein the Court of Appeals ruled (314 F.2d 149, 152; 157) as follows:

"... 'we are in as good a position as the trial judge to determine the probability of confusion.'"

* * *

"It is plain from the testimony quoted above that *Maier was laboring under the same mistake of law which we have noted in the trial court's findings, namely, that since the goods had distinctly different properties, there was no real competition between whisky and beer, and hence that defendants' adoption of the label would be lawful because no confusion⁶ would be likely.*"

Although no formal finding was made, an injunction against further use of the name black and white by

⁶The absence of actual confusion is shown by the testimony of petitioners' principal witness (TR 16); in relevant part:

"Q. Now, is it your contention, Mr. Baumgarten, that a customer would be confused in buying a can of Black and White beer put out by the Maier people that he was getting a product of Buchanan's?

A. No. . . . No, my answer is no to your question.

Q. You don't believe there would be any confusion in a customer's mind that they were buying a beer made in Great Britain?

A. I wouldn't think so, no."

respondents was directed. Such *de novo* determination of the facts appears to be unique in trademark and general litigation and the Court of Appeals declined to follow that ruling in the trademark case of

Plough, Inc. v. Kreis Laboratories, 314 F.2d 635, 640,

filed eight days later (February 20, 1963). Respondents unsuccessfully sought review by certiorari (374 U.S. 830).

Upon remand, the District Court entered its order of injunction as directed (TR 38-31 at 30), respondents terminated further use of the name and liquidated existing supplies of beer bearing the name as provided by stipulation and order of the latter court (TR 30 and 32-34).

Petitioners, without bringing on the accounting⁷ issues, next moved the hearing upon attorneys' fees and non-taxable litigation expenses under review herein (TR 31) wherein (TR 48 and 51-52) the evidence of good faith reliance upon advice of counsel is clear and unchallenged, in relevant part, as follows:

"Q. Mr. Mellin, did you give any advice to the Maier Brewing Company on the subject of their right to use the name Black & White before the litigation was commenced?"

⁷It is expressly conceded that no damage has been sustained by either of petitioners. See Transcript of Record (TR 26), in relevant part:

"Counsel . . . says there should be no accounting because the plaintiffs said before Judge Harris that it had no evidence of damage.

Well, of course, my partner, Mr. Bailey Lang, tried this case and as I see the record he said he was not going to offer any evidence that we had lost sales."

A. *I did*, but I think it was through the firm of Hill, Farrer & Burrill in Los Angeles; I don't think it was direct.

Q. And the firm of Hill, Farrer & Burrill in Los Angeles represented the Maier Brewing Company in Los Angeles at the time, to your knowledge?

[fol. 237] A. They were representing them in some matter at the time, as I recollect, because I know Maier Brewing Company was not a regular client of ours and this was referred by them to us.

Q. And what was your opinion on that subject?

A. *My opinion was that the defense should succeed in the event of litigation, and they were so advised.*"

* * *

“Q. Mr. Kalmanovitz, approximately how long have you been identified with the Maier Brewing Company?

A. Fourteen years.

Q. In what capacity, sir?

A. Vice-President and President.

Q. How long have you been President?

A. Eight years.

Q. Did you ever receive any advice from any lawyer before the litigation in this matter was commenced by the filing of the complaint that you are not permitted under the law to use the name Black & White on beer manufactured by the Maier Brewing Company?

* * *

The witness: No.

By Mr. Chotiner:

Q. *Did you ever receive any advice from any lawyer that in his opinion you were permitted to use the name Black & White on beer manufactured by Maier Brewing Company?*

A. *I did.*

Q. From whom did you receive that advice?

A. Max Gilford, from Mr.—Hill, Farrer & Burrill, I don't remember the gentleman's name, and also a letter indirectly from Mr. Mellin to Hill, Farrer & Burrill.

Q. At the time that you contested the complaint in this matter, did you believe that you had a right to use the name of Black & White on beer manufactured by your company?

A. Positively."

PETITIONERS' "STATEMENT OF THE CASE"
(PB 3-8), NOTED

This discussion consists of three principal parts: "petitioners' efforts to induce cessation, etc.," (point 2, PR 4-6) consisting of argumentative statement of the respective pre-litigation positions of the parties taken in good faith upon advice of counsel; "the trademark infringement suit" (point 3, PR 6-8) expanding upon the first appeal (314 F.2d 149) and respondents' efforts to secure review of that atypical ruling—unfortunately concluding with the misrepresentation (PR 8) that respondents did not fully conform to the injunction and related directions of the District Court (TR 30 and 32-34); and "the award of attorneys' fees after remand (point 4, PR 9-10)

wherein are quoted purported findings⁸ on which no trial was had and no proof adduced.

PETITIONERS' "SUMMARY OF THE ARGUMENT"
(PB 10-15), CONSIDERED

Petitioners here concede, however implicitly, that the ruling of the Court of Appeals that the act does not provide for an award of attorneys' fees in a trademark case thereunder is correct beyond challenge and proceed to consider cases arising under state statutes and other acts of the Congress or within the admiralty and traditional equity jurisdiction of the federal Courts.

Petitioners here expose⁹ no decisional law, not considered in detail by the Court of Appeals, and respondents respectfully submit that the objective and responsible analysis of the relevant decisions of the federal courts by that Court is more reliable than the extravagances of advocacy, however earnest (e.g. petitioners deign to suggest that the admiralty case of *Vaugh. v. Atkinson* (369 U.S. 161) is "in equity" (PB 10)).

⁸The purported findings (PB 9, quotation) to the effect that the use of the mark was not had upon advice of counsel and in good faith mistake of law are clear error.

⁹Petitioners pointedly eschew reference to the rulings of the leading case in re recovery of counsel fees in this country, *Oelrichs v. Spain*, 1872, 82 U.S. (15 Wall.) 211, 231, 82 L.ed. 43, 45, and the objective annotation to *Vaugh* (369 U.S. 527) set out in 8 A.L.R. 2d 894-942, Par. 10, Trademark infringement and unfair competition cases, pp. 914 et seq.

Petitioners further concede that they urge the reversal of the American rule against awarding counsel fees to the prevailing party to be surcharged to losing litigants and the adoption of the English rule¹⁰ to the contrary (PB 10) stating: "... English practice shows the propriety of the award here", citing a 1966 English treatise (PB 11, fn. 1).

Sprague (307 U.S. 161, cited PB 10) is a common-fund-recovered case wherein one common owner of the fund recovered is reimbursed his litigation expense incurred in recovering the common fund, in behalf of all owners, from outsiders—in avoidance of unjust enrichment of other participants in the recovery who did participate in the expense. There is no means of equating that situation to that under review.

See

Trustees v. Greenough, 105 U.S. 527,

and

U.S. v. Pioneer American Insurance Company,
374 U.S. 84, 92.

It is believed the best test of the validity of the remainder of petitioners' summary of their position is the gross misstatement (PB 11) that—

¹⁰Petitioners assume and assert that the English rule permitting award of attorneys' fees is one of the "remedies of the English Court of Chancery", whereas our exploration of the subject indicates that counsel fees are awarded in law, as well as in equity, to the prevailing party and that this rule is not one of common law, nor of "traditional equity"—but of an act of the Parliament (statute of Gloucester, 1275, 6 Edw. 1, c. 1). California statute expressly proscribes such allowances in the absence of agreement or special statutory authority (section 1021 of the Code of Civil Procedure, *Lowell v. Maryland Casualty Co.*, 65 A.C. 304, 308, Cal.Rptr. (to be reported) 1966).

"Until the decision below, in *every* circuit, district and reported case in the federal courts where the issue has arisen, the power to award attorney's fees to the successful plaintiff in trademark cases in these circumstances has been upheld, . . .". (Petitioners' emphasis.)

In avoidance of future repetition, we here notice two fundamental errors of statement intruded by petitioners at this place (PB 14) i.e., *first*, that "*the trademark right*" is "not a creature of Congress at all, but of equity" and, *secondly*, "*the trademark creates no monopoly*".

As to the first misstatement it is too clear to brook discussion that "the trademark right" of a registrant under the act—the exclusive subject matter of this appeal—is exclusively Congress-created.

Further, "trademark rights", *dehors* the act, are created by common law—not equity (actually and expressly conceded by petitioners, themselves, at PB 39).

Whether simply obtuse, or consciously dissembling, petitioners persistently assert, assume and imply that "equity" is a system of substantive law, creates rights, etc., etc. These suggestions are manifestly unsupported. To avoid overexpansion of this memorandum by pursuing such diversions, it may be put dogmatically that equity is but a system of remedies, originally ecclesiastic in nature—i.e., appeals to "the conscience of the king", as informed by his religious advisor—and subsequently, on secularization, employed to temper the rigidities of the common law.

Similarly naive, or dissembling, are petitioners' references to "civil law" as "equitable", in contrast to "law" (e.g. PB 33)—whereas, in legal classification in this context, civil, vis-a-vis common, law simply means continental, vis-a-vis English common, law—particularly as continental legal principles were assembled in the Code Napoleon.

Petitioners' gaucheries in these respects vastly weaken their brief, as an aid to decision herein, and, for this reason, no further note will be taken of them.

The second such misstatement is that "the trademark creates no monopoly" (PB 14) and later so restated (PB 39) whereas the precise holding of the first opinion herein (314 F.2d 149) is that Buchanan does have a nation-wide monopoly of the three word trade name¹¹ for all alcoholic beverages—though it has never made beer, other malt beverages, wine, brandy cordials, or the like! This is "a right in gross and at large", indeed.

A trademark does indeed create a monopoly, albeit a lawful one—if the mark is not abused—in law, as well as in fact.

See

United States v. Bausch & Lomb Optical Co.,
321 U.S. 707, 724,

and the careful analysis and summary detailed by the District Court in

¹¹Strictly, we do not here deal with a trademark—but a trade name and it is *res judicata* that respondents did not use Buchanan's registered mark, as such, at all.

Phi Delta Theta Fraternity v. J. A. Buchroeder & Company, 251 F.Supp. 968, 975-980 (1966),

citing, *inter alia*, *Bausch & Lomb, Timken Roller Bearing Co. v. United States*, 341 U.S. 593, 597, *Carfice Corp. etc. v. American Patents Development Corp.*, 283 U.S. 27, 35, *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U.S. 488, 494.

See, also, *Timberg*, 29 American Bar Association, Antitrust Section Reports (1966) 233, 242, *Frost*, *idem.* 122, 131 (citing *Simpson v. Union Oil Co.*, 377 U.S. 13, 22), and compare *Fine*, Misuse and Antitrust Defense to Copyright Infringement Actions, 17 Hastings Law Journal 315, 318-319, citing *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U.S. 488, 494.

In the precise context of this case, Buchanan's trade name monopoly affords it plenary and exclusive power to fix prices, at all levels, under California statute. See *Wilke and Holzheiser, Inc. v. Department of Alcoholic Beverage Control*, 65 A.C. 385, 394 (1966).

Since a trademark does, in fact and in law, create a monopoly, we take no further note of petitioners' suggestions to the contrary.

PETITIONERS' ARGUMENT CONSIDERED (PB 15-44)

- I. **"THE PRINCIPLE" ADVANCED BY PETITIONERS IS THE UNTENABLE CLAIM THAT THE COURT SHOULD IMPOSE THE ENGLISH RULE OF AN AWARD OF COUNSEL FEES AS COSTS TO A SUCCESSFUL PLAINTIFF IN EVERY TRADE-MARK CASE (PB 15-16)**

Petitioners here cite only the common-fund-recovered case of *Sprague* (307 U.S. 161) and an English Treatise (White's Kerly's Law of Trademarks etc., 1966, PB 16).

The "circumstances" claimed to "justify" the abrogation of the American rule are that respondents (1) were advised by counsel (as had been held in the only cases then decided upon the precise factual entity presented i.e. *Atlas*, 113 F.2d 672, *Arrow*, 117 F.2d 351, *Century*, 26 F. Supp. (aff. 107 F.2d 699) each supra) that no confusion could arise upon the use of the same trade name for beer and whisky and relied upon such advice; (2) tried the facts to the District Court and secured favorable findings and judgment; and (3) sought in the usual and lawful manner to defend that judgment.

Such "circumstances" are too thin to merit extended comment—much less to compel a reversal of fundamental doctrine declared by the Court almost a century ago and honored ever since—as resting "on a solid foundation, and that the opposite [English] rule is forbidden by the analogies of the law and sound public policy" (*Oelrichs*, 1872, 82 U.S. 211, 231).

To vault to the extremity of concluding—as petitioners do—that such imposts should be awarded, in

every trademark case, as "costs" is but a forlorn hope now receding with the increasing detachment from the realities of the subject and of this case exposed in petitioners' argument.

The Court has but recently rejected this "principle" in respect to litigation expenses as "costs"¹² in

Farmer v. Arabian American Oil Company,
379 U.S. 227, 13 L.ed. 2d 248, 254,

stating, in relevant part:

"... We do not read that Rule [Rule 54(d)] as giving district judges unrestrained discretion to tax costs *to reimburse a winning litigant for every expense he has seen fit to incur* in the conduct of his case. . . . Therefore, the discretion given district judges to tax costs should be sparingly exercised with reference to expenses not specifically allowed by statute."

II. PETITIONERS' "THE UNIFORM COURSE OF DECISION IS AGAINST THE COURT BELOW" IS WITHOUT SUPPORT (PB 17-23)

The patent hyperbole (PB 17) that—

"In the federal courts, in *every* circuit, *every* district, and *every* case where the issue has arisen, so far as revealed in reported opinions, the power to award attorney's fees to the successful plaintiff in trademark cases in proper circumstances has been upheld and exercised until the decision below" (Emphasis by petitioners)—

¹²The District Court herein further erred in this respect in purporting to allow the same kind of litigation expenses (TR 66-68, \$2,152.72) as rejected in *Farmer*.

is shown to be unrelieved arrogance by the pretended "support" which follows. He is not bold, but irresponsible, who would claim to know what has happened in "every case" to have "arisen" "in the federal courts" in trademark matters, anymore than in any other subject matter.

It will be noted that the decisions outlined appear to have "arisen" in only five—of the eleven—circuits, principally in the District Courts¹³ therein, many declined the "power"—hence did not test it, several dealt with earlier trademark acts etc., etc., and, finally, petitioners ignore essential elements of correct analysis, e.g. many of the cited cases involved claims and issues beyond federal trademark statutes, principally unfair competition claims under state statute or common law.

The Court of Appeals has faithfully performed the supererogatory task of placing the cited decisions of the reviewing courts in proper focus, logically, historically and factually. With no little attention to the subject, we find nothing of precedential nature to add to that analysis. Petitioners' discussion here, however unintendedly, demonstrates that they too can offer nothing to detract from the sound resolution of the reserved issues by the Court of Appeals.

Petitioners' claims of universality do not stand up.

¹³It does not disparage the high standing and purpose of the trial courts to suggest that their *ad hoc* resolution of factual matters and incidental determination of questions of law, may not provide the best opportunity of settling questions of the nature under review here.

The incidental sally at "legislative history" (PB 22, fn. 10) is well off the mark and ignores such significant legislative interpretation as exists.

While it is quite true that "trademark infringement is a species of the genus of unfair competition" it is clear that the act was not intended to create a federal system of unfair competition laws (see cases cited in footnote 4, *supra*).

In respect to the relevant issue: whether the Congress intended the act to authorize awards of attorneys' fees in trademark cases, the observable indications negate the conclusion that such was the legislative intent.

As the Court of Appeals has made clear (TR 103-104 and 112) the act simply does not provide for such awards and this has remained the case for some twenty years in the face of statutory provisions for such awards in comparable and related fields of litigation (TR 104, fn. 5).

In addition to the original omission to provide for such awards, subsequent legislative consideration of that subject includes at least two proposals to amend the act to provide for such awards and the failure¹⁴ to enact such proposed amendments (TR 105, fn. 6, citing S. 2540, 83rd Congress, first session, par. 35 (1953) and H.R. 7734, 84th Congress, first session, par. 35 (1955)).

¹⁴See also S. 2429, 86th Congress, first session (1959) and HR 4333, 87th Congress, second session (1962) enacted as 76 Stat. 769 (1962), in which such a proposed amendment had been deleted before reintroduction.

This attention to the subject of such awards is significant and relevant because it shows an actual awareness of the Congress that the act does not provide for awards of attorneys' fees, a conscious effort to add such a provision and a considered refusal to amend the act to add such a grant of authority.

There are no counter-indications.

III. PETITIONERS' CLAIM THAT "TRADEMARK LITIGATION IS OF A KIND PECULIARLY WARRANTING" ATTORNEYS' FEES (PB 23-27) ADVANCES NO POLICY CONSIDERATION TO SUGGEST NEED FOR "JUDICIAL LEGISLATION" TO SUCH PURPOSE

The principal basis of petitioners' "peculiarity" of trademarks litigation argument is a quotation of a portion of the report of the act to the Congress in 1946 (PB 24) without, however, suggesting anything on the point beyond the actual provisions of the act, itself, as then enacted.

The referenced exposition of Congressional purpose, however, is peculiarly defeative of petitioners' "peculiarity" argument—because this record is peculiarly devoid of suggestion of "swindling" deceit, diversion, palming off, unfair competition, and the like and, at worst, respondents proceeded upon a mistake of law believing that no possibility of confusion could exist because the branded products had different properties and were not in competition (first opinion, 314 F. 2d 149, 157).

Secondly, petitioners' *ad hominem* argument (PB 25) that a trademark "defendant will be larger and

wealthier" than the trademark plaintiff is contrary to common observation and the factual situations exposed in reported decisions in trademark cases.

The suggestion of the "larger and wealthier" defendant "arrogantly seeking to utilize its deeper pocket to drown the plaintiff in expenses of litigation" is ludicrous in the context of the undisputed facts of this case: petitioners are an international combination of (1) the largest segment (Buchanan) of one of the greatest cartels in Great Britain (Distillers Corporation Limited), and (2) a principal segment (Fleischmann) of one of the largest combinations of food marketing combinations in the United States (Standard Brands), whereas Maier is an independent, local manufacturer of beer and Ralphs an independent, local retailer, both operating in the southern portion of one of the western states of the United States, at Los Angeles, California!

Further, petitioners elsewhere (TR 54-55) "arrogantly" declare expenditures of \$5,000,000 for advertising of their scotch whisky in a seven year period preceding this litigation, whereas neither of respondents engaged in any advertising of the black and white, or any other private label, beer.

Petitioners' next remark (PB 25, apparently intended as factual—though no record or other source is given) is that

"In this age of *mass use of communications media*, an enterprise may have as much invested in advertising and in producing good will as in physical equipment."

It is highly doubtful that, "in this age of mass communication", advertising is actually utilized to identification of product and good will.

See the comment on *Chemical Corp. of America v. Anheuser-Busch, Inc.*, 306 F.2d 433 and related cases in 51 California Law Review 250-254, in part (p. 252):

"Trademarks are currently used *not so much to identify the maker as to persuade the buyer. 'The seller seeks to exploit a conditioned reflex developed in the buyer . . .'* In this setting, the injury which the dilution theory seeks to remedy is the destruction of this conditioned reflex."

If, indeed, trademark litigation matters are peculiar it is a peculiarity that should be dealt with in the Congress—as the Congress has chosen to provide in this subject matter in the closely related fields of statutory regulation of copyrights and patents—rather than by *ad hoc*, case-by-case rulings of the District Courts in pursuance of what must be essentially personal standards of the trial judges presiding therein.

As applied to this record, we respectfully submit the Court of Appeals has stated (TR 105-106) a sound rule conforming to sound public policy, namely:

"It seems clear that, under the standards laid down by us in *Park-In-Theatres, supra*, the award here involved would not be proper even if the Lanham Act contained the same provision for the recovery of attorney's fees as does the Patent Law. Yet here the defendant, whose case was good enough to convince an experienced trial judge that it should win, now finds itself subject

to a judgment for over \$60,000 for the plaintiffs' attorney's fees, on the theory that defendant should not have defended the lawsuit in the first place."

IV. PETITIONERS' CLAIM "THE PREMISES AND REASONING OF THE COURT BELOW ARE IN ERROR" IS UNSUPPORTED AND UNTENABLE (PB 27-44)

- A.** Petitioners' suggestion that recovery of the attorneys' fees of the successful litigant from the unsuccessful litigant is the general rule is patently unsupported (PB 28-35)

Petitioners deign to criticize the statement of the Court of Appeals (TR 102) reading:

"We start with the long established principle that a successful party cannot, in an ordinary action at law or in equity, recover his attorney's fees incurred in the action, unless such recovery is provided for by statute or contract."

Such criticism is so ill-founded and ill-supported as to discredit¹⁵ petitioners' entire presentation and is belied by petitioners' labored effort throughout their brief (PB 3-10, 16-17) to suggest that some feature of this record is sufficient to suggest some exceptional consideration to justify application of the exception to the general rule of disallowance and non-recovery of attorneys' fees.

Secondly, petitioners dissemble in pretending that this cause "is a suit in equity" in the face of the rulings of the Court that Lanham Act cases are at

¹⁵Please note petitioners' flippancy (PB 28) in stating:

"Among the multitude of cases in the dusty books expressions of disapproval of the allowance of fees can be found."

law and litigants in such cases are entitled to trial by jury as a matter of right.

Dairy Queen, Inc. v. Wood, 369 U.S. 469, 479-480 and 481.

This discussion cites nothing new, re-citing *Sprague* (307 U.S. 161) and *Vaugh* (369 U.S. 527), the common fund and admiralty cases already noted, and the earlier common fund case of *Trustees v. Greenough* (105 U.S. 527, 1881).

As the Court has recently made clear in *United States v. Equitable Life Assurance Society*, 384 U.S. 593, 16 L.ed.2d 593, 599, the common fund cases are on a different footing (footnote 5).

As the court also made clear in *Vaugh* (369 U.S. 527) that case was in admiralty and dealt with compensatory damages and attorneys' fees were recovered as expenses of support and cure, not as costs nor as an allowance of attorneys' fees as "part of the historic equity jurisdiction of the federal courts," stating: "We do not have here that case" (page 529).

In all events, petitioners do not come forward with any holding that, in a case based exclusively on statute, attorneys' fees may be awarded in the absence of the grant of authority therefor in such statute.

B. Petitioners' claim that "the Lanham Act does not abrogate the historic power in trademark cases" begs the question (PB 36-37)

Since federal jurisdiction in trademark matters is derived from the act alone—the question is whether

the act provides for the allowance of attorneys' fees to the prevailing party—as it plainly does not.

The act was adopted after adequate study and hearings, in the light of forty years of experience under the earlier act of 1905, and must be accepted as the considered statement of all federal trademark regulation then intended by the Congress. Hence it must be presumed that the act incorporated all remedies deemed appropriate to its subject matter and the principle of *inclusio unius, exclusio alterius est* applies—to matters excluded, as well as to those included.

Compare:

Carnation Company v. Pacific Westbound Conference, 383 U.S. 213, 15 L. ed. 2d 709.

Subsequently considered proposals to provide for such allowances have proved abortive.

Petitioners cite neither principle nor legislative history to suggest a contrary ruling—to add to the act a provision the Congress has clearly and consciously declined to include therein.

C. Petitioners' claim "the contrast . . . between the Lanham Act and the patent law and copyright act is a false one" misrepresents the rulings of the Court of Appeals and misstates the law respecting trademarks (PB 37-39)

It is indisputable that the Court of Appeals correctly analyzed (TR 103-104) the statutory provisions of the respective acts relating to patents, copyrights and trademarks and necessarily observed that the Congress had provided for allowances of attorneys' fees

in both of the former regulatory acts, omitted such authority in the latter and further observed that the Court had consistently held (*Teese*, 64 U.S. 2, 8-9 and *Philp*, 84 U.S. 460) that such allowances could not be lawfully made under the patent statute while it lacked express authority for such awards.

It is simply incredible that any court could be criticized for applying such obvious criteria of statutory construction, the principal—and, it is submitted—the exclusive question herein presented for resolution.

Petitioners' only excuse for such unfounded criticism is their repeated ploy that the cited cases (*Teese* and *Philp*) "were not equity cases but *actions at law for damages*" (PB 38, petitioners' emphasis)!

This is an action at law and petitioners did seek "damages from defendants based upon their alleged infringement of the trademark" (TR 12 and see TR 7, parts 3 and 4 of the prayer of petitioners' complaint herein).

To reiterate, the Court has held:

"... We ... think it plain that their claim for a money judgment is a claim wholly legal in its nature however the complaint is construed. ... And as an *action for damages based upon a charge of trademark infringement, it would be no less subject to cognizance by a court of law.*"

(*Dairy Queen*, *supra*, 369 U.S. 469, 477.)

Petitioners could not have missed the point because *Dairy Queen* was cited in respondents' brief in oppo-

sition (page 10)—if it had otherwise escaped their attention.

Serious advocacy requires more forthrightness than this.

D. Petitioners' claim "attorney's fees can be awarded in Lanham Act cases as compensatory" is without support and, as novel doctrine, would be unsound (PB 40-41)

Petitioners here appear to abandon their argument that attorney's fees should be awarded as costs under the English rule or, alternatively, as embraced in some unarticulated concept of "equity" and here argue that their attorney's fees should be allowed as damages, apparently as compensatory¹⁶ damages.

Herein, however, it is conceded (TR 26) that petitioners suffered no damage, no loss of sales, no diversion of custom, no disparagement of the mark, no diminution of good will, nor any other economic injury whatever.

To award a prize for successful advocacy in the first appeal therefore violates the public policy declared in *Oelrichs* (82 U.S. 211, 231) without the slightest "exceptional" or bonus factor in the case. Such a proposal simply suggests that the prevailing party may recover his counsel's fees in every case.

The reference to "unfair competition" as a basis for such an allowance (PB 40) is attempted misrepresentation—as all issues and elements of unfair competition are lacking (actually, competition is fac-

¹⁶Section 1117 of the Act (15 U.S.C. 1117) expressly prohibits punitive damages, i.e. "such sum . . . shall constitute compensation, not a penalty."

tually and legally impossible) and all such issues were expressly eliminated from this case in the first opinion (314 F.2d 149, 161).

Secondly, "unfair competition", a state-generated claim, could not support such an allowance under California statute (Section 1021 of the Code of Civil Procedure), which proscribes such recoveries in every such case.

Thirdly, as "compensatory" damages it would be necessary to prove that petitioners had "suffered" the outlay of attorneys' fees to be compensated—whereas one of the real peculiarities of this case is that petitioners have never paid any sum whatever as compensation to their counsel and have failed to show any obligation,¹⁷ any agreement, any billing for attorneys' fees to their counsel.

Petitioners' remarks anent an "accounting" at this place (PB 41) can have no possible relevance to any issue or question presented here for the simple reason that petitioners could not wait for resolution of the accounting issues and final conclusion of the case in the trial court, hence the "accounting" issues herein were not even *sub judice* when the order under review was made at petitioners' instance.

Section 1114 of the act (15 U.S.C. 1114) provides that one making unauthorized use of a mark in com-

¹⁷It necessarily appears that compensation to petitioners' counsel is contingent upon some event not yet disclosed. If so, an award would be a bonus-on-a-bonus. It is noted that the circumstances usually assumed as justifying a contingent attorneys' fee arrangement are absent in this case.

merce "in connection with the sale of goods . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided"; section 1116 authorizes injunctions "to prevent the violation of any right of the registrant"; and section 1117 alone provides for recovery of damages, i.e. "any damages sustained by the plaintiff," necessarily by reason of "use in commerce . . . in connection with the sale . . . or . . . a use . . . likely to cause confusion".

It is manifest that attorneys' fees and other expenses of litigation subsequently incurred, in court, cannot be "damages sustained" by "use in commerce" and it is equally manifest that the only damage provision of the act (section 1117 of 15 U.S.C.) does not provide for such recovery, as damages. The grant of power to issue injunctions only authorizes relief (1) "to prevent violation" and (2) "directing a report . . . setting forth the manner and form in which the defendant has complied with the injunction" (TR 32-34).

No matter how the act is fragmented, parsed, semantically manipulated, it does not add up to a "power to grant" attorneys' fees—*eo nomine*, or otherwise.

E. Petitioners' claim "the District Court acted well within its discretion" begs the question and is unsupported in the record (PB 41-44)

Petitioners here (PB 40-41) beg the question because the question tendered is whether there is statutory power to act at all in this subject matter. The cited case (*Park-In-Theatre*, 190 F 2, 137) was

a patent infringement case wherein the relevant statute did grant the power to award attorneys' fees in proper cases. Naturally, such qualified power must be exercised by proper judicial standards.

However, we here deal with the threshold obstacle that the act does not "grant the power" to award attorneys' fees even in "proper cases" and no exercise of discretion can supply the omission of such grant of power in a proceeding that is purely statutory. So long as our system of government remains one of laws, not of men, "the letter of the bond" must be found in the statutory grant of power. We reject that system of dispensing boons and punishments as by an oriental potentate at the gates of the city as the whim of the morning may move him.

The authorities here newly cited all deal with the exercise of conceded judicial power, hence provide no aid in determining whether such power exists. For this reason, it would not prove helpful to expand this memorandum with a detailed analysis of such cases.

We regret the necessity of pointing up petitioners' irresponsibility in factual matters (footnote 24, PB 43), in stating that respondents consulted "counsel only after suit was filed." The basic record references (TR 7-8, 17, 48) have already been noted (supra, pp. 8-10). In refutation of petitioners' assertions in their footnote 24 we here quote the pre-litigation rejection of petitioners' demand "to cease and desist" (TR 8-11) by Mr. Gilford's letter of December 26, 1957 (TR 53-54), in relevant part, namely:

"Re: 'Black & White'—Maier Brewing Co.

"Dear Mr. Lasky,

I represent Maier Brewing Co., and your letter of December 23, 1957 has been passed to me for attention.

The name 'Black & White' which my client is using in connection with Beer, does not, constitute an infringement, in my opinion, of your trademark used in connection with Whiskey.

If you will check the records you will find the name 'Black & White' used with Beer has been used in this State for many years by others. We have been using it and now own the right as the previous user of the name abandoned its use.

You are presenting an argument that would prohibit the use of the name by someone selling a soft drink, such as 'Black & White Soda.' I can't seem to agree with your contention.

Any threat to any of our customers causing us to suffer damages and loss of sales will naturally result in retaliatory action on our part.

Yours very truly,

/s/ MAX M. GILFORD"

The latter communication was introduced in evidence by petitioners, themselves (TR 53, Petitioners' Exhibit 1A).

The search for truth herein is not advanced by petitioners' concluding remarks on factual matters in their footnote 24 (PB 43).

**V. PETITIONERS' "CONCLUSION" REQUESTS RELIEF
NOT SUPPORTED BY THE RECORD (PB 44)**

Petitioners here propose that, in the event of a reversal of the judgment of the Court of Appeals, the cause should be remanded (to the District Court, rather than the Court of Appeals) with directions to "proceed to entry and enforcement of final judgment" (PB 44).

Even in the unlikely event of a reversal, the disposition of the cause as proposed by petitioners would be improper and unsupported. In the event it should be concluded that an award of attorneys' fees and litigation expenses may be made in a purely statutory proceeding in which the relevant statute makes no provision for such an award, upon some consideration or circumstance *de hors* the statute, still—and in that event—there remain for resolution the material issues: (1) whether such exceptional considerations and circumstances actually exist in this record in such form and substance as to justify such exceptional and extraordinary relief and (2) whether the amounts herein purported to have been awarded are (a) within the discretion of the District Court, (b) lawful in amount and (c) sustained by the evidence.

Respondents have fully reserved the latter issues, adequately documented them by references to the record and supported a reversal of the order of the District Court by reference to errors so reserved before the Court of Appeals.

In view of the ruling of the Court of Appeals—that the instant award is without support in law—the con-

sideration of other appellate issues became irrelevant and were left unresolved.

However, if there were a reversal of that ruling, the reserved appellate issues would remain and a "final judgment" must await their lawful resolution.

SUMMARY AND SUBMISSION

Respondents respectfully submit that the Court of Appeals has fully and carefully considered and has lawfully and soundly resolved the questions of law tendered by the controlling appellate issue in this cause and that the judgment below should be affirmed.

Further, a legislative grant of power must be accepted as the measure of that power. An act of the Congress is not properly expanded and extended by non-statutory considerations unrelated to the statutory subject matter. The extraneous considerations petitioners here advance were anciently accepted, forsooth, precisely because the legislative process was non-existent, or crudely primitive and rarely used in those times.

Whether trademark registrants, as a class, are in need of financial assistance in litigation involving their registered marks, contrary to the accepted American rule and practice in matters in litigation in the federal courts, is a matter of legislative policy properly reserved to the Congress. That body is in substantially continuous session and trademark registrants, as a class, are not without voice and standing in that

forum. To date, the Congress has found no crying need for such exceptional benefits to trademark registrants, as a class, though active in providing such benefits in related fields of business regulation and resulting litigation deemed worthy by that body of such exceptional benefits.

If there be some underlying principle of judicial administration which requires such extraordinary relief, outside the statute, petitioners have defaulted to the task of justifying the exception from "the principle of disallowance [which] rests on a solid foundation, and the opposite rule is forbidden by the analogies of the law and sound public policy" (*Oelrichs*, *supra*, 82 U.S. 211, 231, TR 103).

If such exceptional, unauthorized relief were to be awarded upon this record, it is difficult to conceive of any trademark case wherein such relief should ever be denied. Petitioners' persistent caterwauling aside, respondents' delicts herein—actual or supposed—present a case as bland as any to be found in the books. We have here no actual confusion, no economic injury—to either of petitioners—no appropriation, gain or profit—to either of respondents—who proceeded throughout under a mistake of law, honestly entertained upon advice of counsel.

The amount of this award should not escape attention—\$60,000. for a one day trial, an uncomplicated appeal and petition for writ of certiorari, in a case wherein no damage is claimed and no accounting has been had. An impost of such magnitude—in context—

must be accepted as penal. If such awards shall become "the American rule", trademark registrants shall have the opportunity—verily, the invitation—to broadcast their private "orders to cease and desist" and coerce compliance of all comers under threat of such "penalties", and few will be stout enough to stand suit in even the worthiest of cases.

It must be clear that the Congress and the federal judiciary cannot contemplate trademark registrants as a modern breed of privateers who may thus exploit their registrations as the modern equivalent of letters of marque and reprisal.

The judgment below should be affirmed.

Dated, San Francisco, California,
January 6, 1967.

Respectfully submitted, .

J. ALBERT HUTCHINSON,

Attorney for Respondents.

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In the Supreme Court of the United States

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

vs.

MAIER BREWING COMPANY, a corporation,
and RALPHS GROCERY COMPANY, a corporation,

Respondents.

Petitioners' Reply Brief

On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit

Respondents' brief adds little to the opinion of the court below, which said all that can be said in support of its holding, and which we respectfully submit we have answered in our opening brief.¹ Indeed, much of respondents' brief seems to be an effort

1. Respondents' Brief is hereafter referred to as "Resp. Br.". Petitioners' Brief will be referred to as our opening brief or "O.B.".

to suggest that the decision holding them guilty of trademark infringement and violation of the Lanham Act was erroneous, and it consists of condensed repetitions of arguments rejected in the first opinion of the Court of Appeals (314 F.2d 149) or presented in the petition for certiorari which this Court denied in 1963, 374 U. S. 830.² We touch on some extreme examples later in this brief (pp. 13-16, *infra*) but otherwise pass these matters by without correction or answer, because they have all been merged in the adjudication that the respondents not only infringed but acted fraudulently and in bad faith in doing so. That is the law of this case.

We reply to respondents as nearly as possible in the order of the discussion of our opening brief.

- I. **The uniform course of decision is against the Court below (O.B. 17-23); that course of decision exercises the historic power of federal courts of equity to award attorney's fees in appropriate circumstances (O.B. 28-36), whether under the rubric of costs or of compensation (O.B. 40, 41).**

Our opening brief (O.B. 17-23) cited 9 decisions in trademark cases and 2 in other unfair competition cases, from 6 of the 11 Courts of Appeals, as well as several district court decisions, all upholding the power to award attorneys' fees to the successful party, either as costs or compensation in equity for loss inflicted. We stated that in *every* reported case in the federal courts where the issue had arisen the power to award attorney's fees to a

2. There can be no other relevance to assertions and arguments such as that the record does not show interstate or foreign commerce (Resp. Br. 2, fn. 1), that California statutes forbid competition between the parties (Resp. Br. 3, fn. 3), that "Black & White" had once been used by another brewer (Resp. Br. 5) and had been used on many products (Resp. Br. 6), that apart from the name Maier did not simulate other features belonging to Buchanan (Resp. Br. 6), that one Baumgartner gave certain testimony (Resp. Br. 7, fn. 6), that the Ninth Circuit on the first appeal substituted its findings for those of the District Court (Resp. Br. 8), or that Buchanan's use of "Black & White" on whisky entitled it to no protection against use on other alcoholic beverages (Resp. Br. 14).

successful plaintiff has been upheld until the present case. Respondents' answer is to ridicule this as "gross misstatement" (Resp. Br. 12) and "patent hyperbole" (Resp. Br. 17), because no one can know what happened in "every case" (Resp. Br. 10). One can know what has happened in the reported cases, and what we referred to was every case "so far as revealed in reported opinions" (O.B. 17). That statement is not only exact and correct, but respondents *do not cite a single case*, whether with reported opinion or not, to the contrary.

Our opening brief was dated December 6, 1966. On December 19, 1966, the Seventh Circuit in *Hulburt Oil & Grease Company v. Hulburt Oil & Grease Company*, 152 U.S.P.Q. 87, 91, upheld an "award of damages measured by the attorneys' fees and costs incurred by plaintiff in prosecuting this case." It held that defendant's appropriation of plaintiff's name in circumstances likely to cause confusion was unfair competition, and the award was justified because defendant's action was "intentional, vexatious and fraudulent", citing as sound law *Wolfe v. National Lead Co.*, 272 F.2d 867 (9 Cir. 1959), *National Van Lines v. Dean*, 237 F.2d 867 (9 Cir. 1956) and *Aladdin Mfg. v. Mantle Lamp Co. of America*, 117 F.2d 708 (7 Cir. 1941),³ three of the cases cited by us.

In addition to the trademark and unfair competition cases our opening brief cited *Sprague v. Ticonic National Bank*, 307 U. S. 161 (1931), and *Vaughan v. Atkinson*, 369 U.S. 527, on the fundamental basis of a court's power. Respondent's sole reference to *Sprague* is to try to dismiss it as involving a common fund

3. Among other modes of trying to escape these holdings, respondents argue that under California statutes California courts cannot allow counsel fees in unfair competition cases (Resp. Br. 12, 28). The court below was not prepared so to hold (See R. 101, 114), and an inquiry into the power of California state courts would be a digression. No state statute or state practice can cut down the powers granted to federal courts of equity by the Judiciary Act of 1789 (1 Stat. 73). And the rationale of the federal decisions upholding the power in unfair competition cases upholds it in that subspecies of unfair competition called trademark infringement.

(Resp. Br. 12), but our opening brief showed that this is an invalid effort (O.B. 29, et seq.). Respondents would escape *Vaughan v. Atkinson* as being in admiralty and not in equity (Resp. Br. 11, 24). This, too, is a vain distinction. While *Vaughan* was in admiralty, it cited the principle that a court in equity has power to award counsel fees in cases not involving a fund. Equity derives from the Roman law, 1 Pomeroy's Equity Jurisprudence (5th ed.) §§ 2, 5, pp. 3, 7. "Civil law" and "Roman law" are "convertible phrases, meaning the same system of jurisprudence" as distinguished from the common law of England, Black's Law Dictionary (4th ed.) p. 312. The Civil Law, not the Common Law, was the source and model for admiralty, 4 Benedict on Admiralty (6th ed.) § 671, p. 358; 1 Benedict, § 8, p. 9. Thus admiralty practice is the kin of equity practice, and in *Vaughan* this Court said (369 U. S. at 530):

"Equity is no stranger in admiralty; admiralty courts are, indeed, authorized to grant equitable relief."

Respondents would also distinguish *Vaughan* as a case where the award was upheld as compensation for loss inflicted, not *qua* costs. This is true, and our opening brief so stated (O.B. 40), pointing out that it is of no moment under what designation counsel fees are awarded.

Trademark litigation is a kind of litigation peculiarly warranting exercise of the historic equity power to award fees (O.B. 23-27).

In our discussion of the subject of this caption, our opening brief stated: "As often as not in trademark litigation—probably more often than not—a defendant will be larger and wealthier, arrogantly seeking to utilize its deeper pocket to drown the plaintiff in the expenses of litigation and thereby to purloin his good will and business." (O.B. 25.) Our brief did not compare the wealth of the parties in this individual case, because general principles—particularly questions of a court's power—should rest

on general considerations and not on a comparison of the wealth of the parties in a particular situation. As said in *Bruce's Juices v. American Can Co.*, 330 U.S. 743, 753, "To decide issues of law on the size of the person who gets advantage or claims disadvantage is treacherous." Respondents' brief, however, answers with an attempt to compare the wealth of petitioners and of respondents (Resp. Br. 21). Not only are its assertions concerning petitioners wholly without any support in the record, but respondents choose poor ground on which to throw down the gage. The detailed statistics set forth in the District Court's opinion in the famous *Von's Grocery* case, *United States v. Von's Grocery Co.*, 233 F.Supp. 975 (S. D. Cal. 1964) show that respondent Ralphs Grocery is a veritable giant of a corporation. Respondent Maier, although smaller, is a multi-million dollar corporation, as revealed in *Efron v. Kalmanowitz*, 226 C.A.2d 546, 38 Cal. Rptr. 148. While petitioners are substantial firms, it is evident that respondents felt that they could capitalize on the distant location of the trademark owner, Buchanan, in England, as evidenced by their attack on Fleischmann's right to sue, thus compelling Buchanan itself to intervene (See O.B. 6).

The Federal rule for which we contend (O.B. 15, 16).

In a number of instances respondents' brief quotes passages from our brief so pruned as to state something other than what we said and then denounces the pruned version in unmodulated terms. Thus respondents (Resp. Br. 12) describe our position as urging adoption of the English rule and quote us as stating that "... English practice shows the propriety of the award here." Our statement was that "Contrast with English practice shows the propriety of the award here" (O.B. 10). This was amplified at O.B. 15, 16, where we said that "Attorney's fees are taxed customarily in all kinds of litigation in England. No such broad practice exists in this country or is urged by us." (And see O.B. 34, last para.)

II. This suit was one in equity, not an action at law.

One of the stranger aspects of respondents' brief is the assertion that a suit under the Lanham Act is not in equity but at law (Resp. Br. 23, 24, 26). This is a contention the court below was too knowledgeable to adopt.

Since trademark infringement is a civil wrong not arising from contract, it may be called a "tort", but that casts no light on the nature of an infringement suit. A trademark infringement *can* be the subject of an action at law for damages. But the "usual remedy is an action for equitable relief, and an injunction is the usual relief granted", Restatement of the Law of Torts, § 744, Comment a.⁴ Moreover, trademark law "has been evolved mainly in the equity courts", Simpson, Fifty Years of American Equity, 50 Harv. Law Review 171, 184. (1936):

"With the growth of national advertising, the protection of trademarks and trade names and the prevention of so-called 'unfair competition' have become of increasing importance to business men. The law in this field is of relatively modern development, has been evolved mainly in the equity courts, and is still in a state of active growth. * * * The effort of American equity has been to enforce reasonable ethical standards of fair dealing in the competitive struggle—to restrain business torts just as it enforces business contracts;

4. Restatement, § 744:

"a. *Equitable relief the usual form of relief.* In some other branches of the law of torts, the usual remedy against a wrongdoer is an action for damages in which a money judgment is sought. But against one who is liable to another for the use of the unfair trade practices stated in this Chapter, the usual remedy is an action for equitable relief, and an injunction is the usual relief granted. Such an unfair trade practice is ordinarily not a single event but a continuous course of business conduct and the person harmed by this conduct is subjected to continuing, and often increasing, harm. He is generally more concerned, therefore, to prevent further harm than to secure compensation for past harm. Frequently the harm may not be reparable by an action for damages because of the difficulty of computing the amount of the loss or of establishing the causal connection between the loss and the wrongful conduct."

it has erred if at all by allowing technical obstacles to stand in the way of relief in too many cases."

"Most unfair competition-trademark cases are brought in equity. Those at law are rare". 2 Nims, Unfair Competition and Trade-Marks (4th ed.) § 419, p. 1327.

Contrary to respondents' assertion "put dogmatically" (Resp. Br. 13) that "equity is but a system of remedies", equity consists (1) not only of rules conferring remedies unknown to law, but also of (2) a mass of rules creating substantive rights and obligations not found in law; obvious examples of the second group are rules concerning trusts and the obligations of fiduciaries. 1 Pomeroy's Equity Jurisprudence (5th ed.) § 97, p. 125⁵ The injunction is, of course, an equitable remedy. The right to receive the infringer's profits—which is different from an award for damages inflicted on the plaintiff—seems to be more an equitable right than an equitable remedy; in any event it is a *creature of equity and wholly unknown to law*. Restatement of the Law of Torts, § 747, Comment b; 2 Nims, Unfair Competition and Trade-marks (4th ed) § 419, pp. 1327-1329; also cases cited O.B. 41. Equity regards the infringer as a trustee who has wrongfully appropriated trust property, the fruits of which belong to the equitable owner. In American law the right to those profits is not a substitute for damages but an additional right created by equity and cognizable by it alone. *Leman v. Krentler-Arnold Co.*, 284 U.S. 448, 456 (1932), *Hamilton-Brown Shoe Co., v. Wolf Bros.*, 240 U.S. 251, 259 (1916).

5. "§ 97. *Equitable Rights as Both Primary and Remedial*. Equity . . . consists in fact of two parts, two different kinds of rules and rights. *First*, it contains a mass of rules which create primary rights and duties—entirely irrespective of the remedies—which are different from the corresponding rules, rights, and duties, with respect to the same subject-matter, contained in and enforced by the law. *Secondly*, it contains another mass of rules defining and conferring a variety of special remedies and remedial rights, both of which are to a very great extent unknown to the law. These remedies and rights to them are peculiarly 'equitable', in contradistinction to those of the law, and irrespective of any difference in the primary rights for the violation of which they are granted."

In the present case the remedy at law of "damages" was neither sought nor obtained by petitioners. There is *not a word* about damages in the body of the complaint, no allegation of damage suffered, not one reference in the 22 numbered paragraphs either to the subject of damages or to the word (R. 1-6). The only reference to damages is in a "boilerplate" phrase in one of the five prayers. The first prayer is for an injunction, the second for an order requiring destruction of infringing containers, the third for an accounting of profits—all equitable relief. The fifth is the stock prayer for general relief. The fourth, the thrust of which is the request for attorney's fees and litigation expenses, contains the reference to "damages" (R. 7). A prayer is no part of a complaint, it has often been said, both in code pleading and under the Federal Rules of Civil Procedure.⁶ The rationale of this statement is that the facts *pleaded and proved*, not the prayer, determine what relief one receives. *Blazer v. Block*, 196 F.2d 139 (10 Cir. 1952); 2 Moore's Federal Practice (2nd ed.) § 8.18, p. 1803. In view of the slighter role now assigned to the complaint in federal practice, it may or may not be that, despite total absence of any allegation of fact in the body of the complaint about damages, the reference in the prayer would have entitled petitioners at the trial to proffer evidence on the subject. But that question is not involved in this case, for at the very outset of the trial petitioners informed the court that they were not seeking damages. (See R. 26).⁷

6. e.g., *County of Riverside v. Butcher*, 133 Cal. 324, 327; 65 Pac. 745; *Schoonover v. Schoonover*, 172 F.2d 526, 530 (10 Cir. 1949).

7. The passage, which is partially quoted in Resp. Br. 8, fn. 7, reads thus (R. 26):

"Counsel * * * files a petition for rehearing and says there should be no accounting because the plaintiffs said before Judge Harris that it had no evidence of damage.

"Well, of course, my partner, Mr. Bailey Lang, tried this case and as I see the record he said he was not going to offer any evidence that we had lost sales. But the Court of Appeals replied to that and said damage is a different question entirely under the law [from the right to accounting of profits.]; * * *"

The order of denial of the petition for rehearing, here referred to, is quoted in full in Appendix A to "Brief for Respondents in Opposition" in

Thus no issue triable *at law* was either presented in the complaint or tried. The case proceeded strictly in equity.

Respondents cite *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 as holding that "Lanham Act cases are at law". (Resp. Br. 23-26.) *Dairy Queen* held no such thing; it had to do with another question entirely. F.R.C.P. Rule 2 effected for federal practice what Code pleading had done long before, the creation of a single form of action in which both legal and equitable claims could be asserted and both legal and equitable remedies obtained. What *Dairy Queen* did was to emphasize that this union in one proceeding of legal and equitable matters was not to deprive any party of his constitutional right to a jury trial of whatever legal issues were actually presented and tried. But *Dairy Queen* did not hold that the peculiarly equitable aspects of trademark cases had thereby been transmuted into an action at law. The disappearance of separate courts of law and of equity and of separate systems of procedure has not abolished the difference between the jurisdiction in law and that in equity. *Stainback v. Mo Hock Ke Lok Po*, 336 U.S. 368, 382, fn.26 (1949); *Black v. Boyd*, 248 F.2d 156 (6 Cir. 1957).⁸ Just as the union of action

this Court in *Maier Brewing Company, et al. v. The Fleischmann Distilling Corp., et al.*, No. 1067, October Term 1962, and contained the following:

"Upon petition for rehearing appellees complain about the fact that our opinion refers to the possibility of accounting upon remand of the cause. It is asserted that 'in the trial court appellants' witnesses did not claim any damage, and on appeal appellants seemingly assured this Court that damages were not sought: Appellants' Opening Brief, page 62.'

"The complaint in this case prayed for an accounting to the plaintiff by defendants 'of profits from the manufacturing, bottling, canning, distributing or selling of alcoholic beverages labeled or named with the words "Black & White".'

"The above quoted statement as to why there is no issue of accounting is manifestly wrong. As disclosed by Title 15 USC § 1117, a recovery, on an accounting, is not limited to damages sustained but may include a defendant's profits * * *."

8. So also Simpson, *Fifty Years of American Equity*, 50 Harv. Law Rev. 171, 181, 248 (1936); W. S. Holdsworth, *Blackstone's Treatment of Equity*, 43 Harv. Law Rev. 1, 28 (1929).

and procedure cannot detract from the right to a jury trial of issues at law, it cannot subtract from the power of the court in its equitable jurisdiction.⁹

Dairy Queen was a suit upon alleged breach of a trademark license agreement and could be construed either as an action on the contract to recover the agreed royalty or damages for infringement (379 U.S. at 476). These money claims presented purely legal issues, and plaintiff did not lose the right to a jury trial of *these* issues because he also sought an injunction. While the complaint there used the term "accounting" to characterize the money claims, substance and not choice of words controlled (Id. at 477), and what was sought was an ascertainment of the unpaid balance of an agreed amount and of damages. As we have seen (p. 7, *supra*), this is quite different from an award of profits, which is purely equitable in origin and quite unknown to law.¹⁰

III. The Lanham Act does not abrogate the historic power in Trademark Cases; on the contrary, it affirms it (O.B. 36).

We have submitted that the absence of an express provision in the Lanham Act for counsel fees is of no significance. The statement of this Court in *Trustees v. Greenough*, 105 U.S. 527, 536 (1881) about the Fee Bill of 1853 that it "contains nothing which can be fairly construed to deprive the Court of Chancery of its long established control over the costs and charges of the litigation, to be exercised as equity and justice may require" is wholly applicable here.

9. The "difference in substance in federal judicial power between law and equity is embedded in the Constitution" [Art. III], *Commercial National Bank in Shreveport v. Parsons*, 144 F.2d 231, 241 (5 Cir. 1944), cert. den. 323 U.S. 796 (1945), just as surely as is the right to a jury trial of issues at law [seventh amendment].

10. Moreover, the attorney's fees awarded in this case were for services rendered entirely before the accounting of respondents' profits took place (R. 28 at 31, 64). As respondents themselves observe (Resp. Br. 28), "the accounting issues herein were not even *sub judice* when the order under review was made * * *." (also Resp. Br. 3).

The opinion of the court below contained a passing mention in a footnote (R. 105, n. 6) that proposals to amend the Lanham Act to provide in express words for counsel fees were not enacted, but the court then wisely observed that this "is the weakest kind of legislative history. We do not rely on it." (R. 105.) Respondents, however, would make a point of it (Resp. Br. 19). The proposals were part of over-all amendments, no part of which received any attention in the House. Non-enactment, particularly where there is non-consideration, cannot subtract a power already present. *Order of Conductors v. Swan*, 329 U.S. 520, 529. (1947).¹¹ *Federal Trade Commission v. Dean Foods Co.*, 384 U.S. 597 held that the fact that the Federal Trade Commission had unsuccessfully sought certain "authority from the Eighty-fourth through the Eighty-ninth Congress" (p. 608) had no relevance at all to the issue whether the authority already existed (pp. 609-611). What motivated the particular proposals or why the bills as a whole received no attention nowhere appears. If enacted the bills would have conferred greater power than already possessed by permitting an award of counsel fees in actions purely at law.

In submitting that the contrast posed by the court below between the Lanham Act and the Patent Law and Copyright Act is a false one, we discussed the nature of the trademark right (O.B. 37-39). In their answer to this discussion, respondents make statements about "monopoly" (Resp. Br. 14, 15) that ignore the meat of what we said (O.B. 38-39). Their references simply recognize that a trademark, like any other fact or act lawful in itself, may become part of over-all conduct that violates antitrust law; that is about as remote from any issue in the case as can be imagined. Then respondents conclude their

11. "It does not appear whether the bills died because they were thought to be unnecessary or undesirable. No hearings were held; no committee reports were made. Under the circumstances, the failure of Congress to amend the statute is without meaning for purposes of statutory construction." (329 U.S. at 529)

remarks by stating that Buchanan has "power to fix prices at all levels under California statute." (Resp. Br. 15.) Unless this is an irrelevance, it is an unjust innuendo. California statute compels a producer of liquor to establish a price below which retailers may not sell his brand. But Buchanan has no power thereunder to fix the price of any product but its own whisky; it has no power over the price of the product of anyone else, even one infringing its trademark.

IV. The District Court acted well within its discretion in deciding to award attorney's fees (O.B. 41-44).

We submitted that, once the power of a District Court to allow attorney's fees in trademark cases in proper circumstances is recognized as existing, the District Court did not abuse its discretion here (O.B. 42). Respondents' answer is merely that a federal court utterly lacks power (Resp. Br. 29, 30). Of course, the question of power must first be decided. But once power is upheld, the judgment of the District Court should be affirmed. In another connection respondents cite *Farmer v. Arabian American Oil Company*, 379 U.S. 227. That was not only an action at law but it did not relate to counsel fees. It dealt with costs of transcripts and expenses of bringing witnesses from abroad. If relevant, it is because of its recognition of a trial court's discretion in awarding costs (p. 232).

It merits noting again that the case comes before this Court on the concurrent finding of both courts below, summed up by the District Court in these words (R. 29):

"Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product.

Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein."

It is in the face of this finding that respondents assert bland innocence (Resp. Br. 34) and to this end stud their brief with some singular assertions. For example, they assert (Resp. Br. 14, n. 1) that it is "*res judicata* that respondents did not use Buchanan's registered mark, as such, at all." The very reverse is *res judicata* (R. 29; see also first opinion of the Court of Appeals, 314 F.2d 149; App. to O.B. at 2 and 12).

Again, respondents assert that it was "admitted" and "adjudicated" that no actual confusion of Buchanan's and Maier's products took place (Resp. Br. 6). As supporting the supposed "admission", reference is made to the testimony of Baumgartner, but the Court of Appeals held that it was not an admission of Buchanan (314 F.2d at 159). Nor was there any such adjudication. The Court of Appeals simply held that evidence of confusion was unnecessary,¹² and the first decision of the District Court was superseded.

12. Respondents also denominate as a concession of no confusion and no damage the statement of counsel referred to in fn. 7 above (Resp. Br. 3, 8). It was no concession. *Mishawaka Mfg. Co. v. Kresge Co.*, 316 U.S. 203, 207 and the cases cited in O.B. 41 show that the reason why evidence of actual confusion is not required of the "despoiled" in a trademark case is that this kind of evidence is hard to come by, "often as not impossible" to find. The passage from Restatement of the Law of Torts, § 744, Comment a, quoted above, shows the same thing. "The trade pirate", says Nims, understands this difficulty on the part of his victim. 2 Nims, *Unfair Competition and Trade-Marks* (4th ed.) § 419, p. 1325.

Respondents (Resp. Br. 11, fn. 8) even denominate as "clear error" the finding that their use of the name "Black & White" was made without seeking legal advice. That finding was made by the Court of Appeals on the first appeal (App. O.B. 9), and it entered into that Court's conclusion that a finding of "good faith" was "clearly erroneous". This is the law of the case and may not be assailed now. Moreover, it was supported by testimony at the trial of Kalmanovitz, Maier's head, which is partially quoted in the first opinion of the Court of Appeals (App. O.B. 8, fn. 7).¹³ The District Court was not required to credit inconsistent testimony of Kalmanovitz given at the later hearing after remand and designed to mend his grip. The court had the opportunity to scrutinize Mr. Kalmanovitz on the wit-

13. There was much more evidence at the trial, which was part of the record before the Court of Appeals on the first appeal. Some of it was in deposition form and was not printed in the record now before this Court because the issue is behind us. We think it appropriate, however, to call attention to some of it in response to the assertion that findings were in "clear error". In our brief before the Court of Appeals on the first appeal we quoted testimony of one Molner, a beer distributor, as follows:

"I said, 'I am not too happy with the Back and White name.' I said, 'I would prefer another brand, if you have it available for me.'

"And they said no, that they didn't, that they were making the Black and White beer and I could have that one. So I told Mr. Kalmanovitz and Mr. Wassem [sic] that at that time I didn't think I would want to get involved in any litigation on account of the name; that I told them that at the time, that as they knew, the name belonged to a Scotch company and their Black and White Scotch and I didn't feel that I wanted to be involved in any lawsuits.

"Mr. Kalmanovitz told me at that time not to worry, that if anything developed in the line of a lawsuit that he would defend myself and Ralphs Grocery Company, if they accepted the label.

"I said, 'I want you to understand this, Paul—' referring to Mr. Kalmanovitz, I said, 'Any responsibility is yours and I don't understand why you persist in taking the name of Black and White when there are so many other names that you could choose from where there won't be any difficulty.'

"So he says, 'My friend, the reason we are taking this name is because half our battle will be over as far as customer acceptance is assured by the use of a well known brand that is already established on the market, and consequently I feel that is—' that is Mr. Kalmanovitz speaking now. He said, 'I feel we are taking a calculated

ness stand. The bald fact is that Maier consulted no attorney until requested to cease use of the name.

It is no answer to quote at length, as respondents do, the testimony of Mr. Mellin, the attorney who tried the case for them. At O.B. 43 we submitted that "it is obvious that Maier consulted *this* counsel only after suit was filed," as the District Court was warranted in concluding. Purporting to quote our statement, respondents place the quotation mark to the right of where the word "this" should appear, omit that word entirely, and attribute to us the statement that "respondents consulted 'counsel only after suit was filed'". Then they purport to contradict us by pointing to the evidence about Mr. Gilford, and charge us with "irresponsibility in factual matters"! Mr. Gilford was consulted after the request to cease infringement, and the evidence supports the conclusion that Mr. Gilford changed his initial view after consideration (O.B. 5).

Evidence such as that referred to above more than sustained the conclusion of the Court of Appeals on the first appeal that respondents acted *in bad faith* and disposes of respondents' submission (p. 34, also 20) that their delicts "present a case as bland as any to be found in the books".

risk on them not suing us.' And he said, 'you shouldn't be concerned at all because we will take full responsibility in any litigation that might develop.'

* * *

"A. Well, after I received my first or second shipment I was in his office and I saw he had another can called L. & M. and I said, 'Paul', I said, 'I see you are building yourself up, it looks like you are building yourself up for a lot of court trials.' I said, 'At first you got Black and White, now you have got L. & M.' I said, 'What is next on the program?'

"Mr. Mellin: What does L. & M. designate?

"The Witness: L. & M. cigarettes. I said 'I don't know what you are up to next, but I tell you, Paul, you are on the wrong track copying these names of well known products that are being sold on the market.' I said, 'All I can see in the future is trouble.'

"He said, 'Well, that is my affair.' He said, 'I will take my chances and whoever wants to sue me, I will just sue them back.'" (Deposition of Molner, pp. 5, 6, 10, 11)

Another singular assertion by respondents is that petitioners failed to show any obligation to pay fees to their counsel (Resp. Br. 28). From the fact of rendition of the services arose an obligation to pay the reasonable value on a *quantum meruit*, and that is precisely the measure of the award the District Court applied (R. 31). Respondents even say (Resp. Br. 28) that petitioners paid nothing to their counsel, and that those counsel were on a contingency arrangement. These statements are the product of unfettered imagination, without a syllable of support in the record.

In the presence of statements such as those commented on above, it is strange astigmatism that leads respondents to accuse us of misstatements of fact and to scatter epithets like "patent inaccuracies" (Resp. Br. 5) and "irresponsibility in factual matters" (Resp. Br. 30). The epithets are frequent, but any specification of alleged inaccuracies is rare. Our Opening Brief supported every factual statement by reference to the record or to decisions, and those references will judge the charge.¹⁴

14. For example, Resp. Br. 10 accuses of "misrepresentation" that respondents "did not fully conform to the injunction and related directions of the District Court." What we said (O.B. 8) was that Maier continued to ship beer under the Black & White label for seven weeks after the decision of the Court of Appeals and two weeks after denial of the petition for rehearing, and that Ralphs was still selling beer under this label nearly three months after the decision of the Court of Appeals. The record supports that statement exactly (R. 33, 34).

In other instances respondents do not correctly quote us (see p. 5, *supra*). In others they put forced constructions on sentences from our "Summary of the Argument" when a mere reference to the less compressed statement of the same matter in the Argument itself would have shown the distortion to be without excuse.

CONCLUSION

The key question is one of power of a District Court to award attorney's fees and litigation expenses. We respectfully submit that the District Court had that power. Once that power be sustained, we submit that it follows that the circumstances more than warranted its exercise, that the District Court did not abuse its discretion in making the award, that the judgment of the Court of Appeals should be reversed and the cause remanded to the District Court to proceed to entry and enforcement of the final judgment accordingly.

Dated: San Francisco, California, February 2, 1967.

MOSES LASKY

Attorney for Petitioners

SUPREME COURT OF THE UNITED STATES

No. 214.—OCTOBER TERM, 1966.

The Fleischmann Distilling
Corporation et al.,
Petitioners,
v.
Maier Brewing Co. et al.

On Writ of Certiorari to
the United States Court
of Appeals for the Ninth
Circuit.

[May 8, 1967.]

MR. CHIEF JUSTICE WARREN delivered the opinion of the Court.

This is a trademark case arising under the Lanham Act (15 U. S. C. §§ 1051-1127) in which our sole concern is with the relief that may be granted when deliberate infringement of a valid trademark has been established. The question is whether federal courts have power in that context to award reasonable attorney's fees as a separate element of recovery in light of § 35 of the Act which enumerates the available compensatory remedies.¹

¹ Section 35 of the Lanham Act, 60 Stat. 439, 15 U. S. C. § 1117: "When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. . . . In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

The scope of petitioners' trademark and the fact of respondents' infringement were determined by the Court of Appeals for the Ninth Circuit at an earlier stage of this litigation. 314 F. 2d 149, cert. denied 374 U. S. 830 (1963): The case was then remanded to the District Court for the Southern District of California which, after noting that the Court of Appeals had characterized respondents' infringing activities as deliberate, entered its own finding to that effect. In accord with prior rulings of certain courts of appeals⁴ and district courts⁵ that attorney's fees could be recovered if deliberate or willful infringement were established, the District Court awarded petitioners \$60,000 after determining that such sum constituted a reasonable attorney's fee for prose-

³ The Fleischmann Distilling Corporation owns the American distribution rights to Scotch whiskey sold under the trademark "Black & White." Its co-petitioner is James Buchanan & Co., Ltd., owner and registrant of the trademark.

⁴ Maier Brewing Company, the principal respondent, is an independent brewery which marketed a beer under the label "Black & White" through its co-respondent, Ralphs Grocery Company.

⁵ *E. g.*, *Baker v. Simmons Co.*, 325 F. 2d 580 (C. A. 1st Cir. 1963); *Wolfe v. National Lead Co.*, 272 F. 2d 867 (C. A. 9th Cir. 1959); *Keller Products v. Rubber Linings Corp.*, 213 F. 2d 382 (C. A. 7th Cir. 1954); *Century Distilling Co. v. Continental Distilling Corp.*, 205 F. 2d 140 (C. A. 3d Cir. 1953); *Admiral Corp. v. Penco*, 203 F. 2d 517 (C. A. 2d Cir. 1953). As the Court of Appeals in this case pointed out, the decisions upholding awards of attorney's fees under the Lanham Act in most instances merely state the conclusion that attorney's fees are recoverable and cite prior case authority, often commencing with a pre-Lanham Act decision—*Aladdin Mfg. Co. v. Mantle Lamp Co.*, 116 F. 2d 708 (C. A. 7th Cir. 1941).

⁶ *E. g.*, *Youthform Co. v. R. H. Macy & Co.*, 153 F. Supp. 87 (D. C. N. D. Ga. 1957); *Williamson-Dickie Mfg. Co. v. Davis Mfg. Co.*, 149 F. Supp. 852 (D. C. E. D. Pa. 1957); *Francis H. Leggett & Co. v. Premier Packing Co.*, 140 F. Supp. 328 (D. C. D. Mass. 1956); *Singer Mfg. Co. v. Singer Upholstering & Sewing Co.*, 130 F. Supp. 205 (D. C. W. D. Pa. 1955).

cution of this litigation. Respondents sought an immediate interlocutory appeal although petitioners' rights to an accounting and other relief remained for determination. The Court of Appeals first dismissed the appeal as premature, but after the District Court issued a certificate under 28 U. S. C. § 1292 (c)⁶ authorization was granted. Sitting *en banc* the Court of Appeals reversed the award of attorney's fees, holding that under the Lanham Act federal courts are without power to make such awards. 359 F. 2d 156 (1966). We granted certiorari to resolve the conflict between that holding and the prior decisions of federal courts upon which the District Court had relied. 385 U. S. 809 (1966). For the reasons elaborated below, we affirm.

As early as 1275, the courts of England were authorized to award counsel fees to successful plaintiffs in litigation.⁷ Similarly, since 1607 English courts have been empowered to award counsel fees to defendants in all actions where such awards might be made to plaintiffs.⁸ Rules governing administration of these and related provisions have developed over the years. It is now customary in England, after litigation of substantive claims has terminated, to conduct separate hearings before special "taxing Masters" in order to determine the appropriateness and the size of an award of counsel fees. To prevent the ancillary proceedings from becoming unduly protracted

⁶ "When a district judge, in making in a civil action an order not otherwise appealable under this section, shall be of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, he shall so state in writing in such order. The Court of Appeals may thereupon, in its discretion, permit an appeal to be taken from such order, if application is made to it within ten days after the entry of the order"

⁷ Statute of Gloucester, 1275, 6 Edw. I, c. 1.

⁸ Statute of Westminster, 1607, 4 Jac. I, c. 3.

and burdensome, fees which may be included in an award are usually prescribed, even including the amounts that may be recovered for letters drafted on behalf of a client.⁹

Although some American commentators have urged adoption of the English practice in this country,¹⁰ our courts have generally resisted any movement in that direction. The rule here has long been that attorney's fees are not ordinarily recoverable in the absence of a statute or enforceable contract providing therefor. This Court first announced that rule in *Arcambel v. Wiseman*, 3 Dall. 306 (1796), and adhered to it in later decisions. See, e. g., *Hauenstein v. Lynham*, 100 U. S. 483 (1880); *Stewart v. Sonneborn*, 98 U. S. 187 (1878); *Oelrichs v. Spain*, 15 Wall. 211 (1872); *Day v. Woodworth*, 13 How. 363 (1851). In support of the American rule, it has been argued that since litigation is at best uncertain one should not be penalized for merely defending or prosecuting a lawsuit, and that the poor might be unjustly discouraged from instituting actions to vindicate their rights if the penalty for losing included the fees of their opponents' counsel. Cf. *Farmer v. Arabian American Oil Co.*, 379 U. S. 227, at 235 (1964); *id.*, at 236-239 (concurring opinion of Mr. Justice Goldberg). Also, the time, expense, and difficulties of proof inherent in litigating the question of what constitutes reasonable attorney's fees would pose substantial burdens for judicial administration. *Oelrichs v. Spain*, *supra*, at 231.

⁹ See generally McCormick, *Damages* § 60 (1935); Goodhart, *Costs*, 38 *Yale L. J.* 849-872 (1929) (*passim*).

¹⁰ Ehrenzweig, *Reimbursement of Counsel Fees and the Great Society*, 54 *Calif. L. Rev.* 792 (1966); McCormick, *Counsel Fees and Other Expenses of Litigation as an Element of Damages*, 15 *Minn. L. Rev.* 619 (1931); Stoebuck, *Counsel Fees Included in Costs: A Logical Development*, 38 *Colo. L. Rev.* 202 (1966); Note, 65 *Mich. L. Rev.* 593 (1966).

Limited exceptions to the American rule have, of course, developed.¹¹ They have been sanctioned by this Court when overriding considerations of justice seemed to compel such a result. In appropriate circumstances, we have held, an admiralty plaintiff may be awarded counsel fees as an item of compensatory damages (not as a separate cost to be taxed). *Vaughn v. Atkinson*, 369 U. S. 527 (1962). And in a civil contempt action occasioned by willful disobedience of a court order an award of attorney's fees may be authorized as part of the fine to be levied on the defendant. *Toledo Scale Co. v. Computing Scale Co.*, 261 U. S. 399, 426-428 (1923). The case upon which petitioners here place their principal reliance—*Sprague v. Ticonic National Bank*, 307 U. S. 161 (1939)—involved yet another exception. That exception had previously been applied in cases where a plaintiff traced or created a common fund for the benefit of others as well as himself. *Central R. R. & Banking Co. v. Pettus*, 113 U. S. 116 (1885); *Trustees v. Greenough*, 105 U. S. 527 (1882). In that situation to have allowed the others to obtain full benefit from the plaintiff's efforts without requiring contribution or charging the common fund for attorney's fees would have been to enrich the others unjustly at the expense of the plaintiff. *Sprague* itself involved a variation of the common-fund situation where, although the plaintiff had not in a technical sense sued for the benefit of others or to create a common fund, the *stare decisis* effect of the judgment obtained by the plaintiff established as a matter of law the right of a

¹¹ 28 U. S. C. § 1923 (a), which is derived from the Fee Bill of 1853, 10 Stat. 161, might be termed a "general exception." It provides for recovery of nominal sums known as "Attorney's and proctor's fees." In ordinary litigation and "on trial or final hearing" the sum recoverable under this provision is \$20, to be taxed as part of the costs defined by 28 U. S. C. § 1920.

discernible class of persons to collect upon similar claims. The Court held that the general equity power "to do equity in a particular situation" supported an award of attorney's fees under such circumstances for the same reasons that underlay the common-fund decisions.

The recognized exceptions to the general rule were not, however, developed in the context of statutory causes of action for which the legislature had prescribed intricate remedies. Trademark actions under the Lanham Act do occur in such a setting. For, in the Lanham Act, Congress meticulously detailed the remedies available to a plaintiff who proves that his valid trademark has been infringed. It provided not only for injunctive relief,¹² but also for compensatory recovery measured by the profits that accrued to the defendant by virtue of his infringement, the costs of the action, and damages which may be trebled in appropriate circumstances.¹³ Petitioners have advanced the proposition that the authority to award "costs of the action" taken together with the introductory phrase "subject to the principles of equity" should be deemed implicit authority for an award of attorney's fees in light of the reference in *Sprague* to the general equity power. But none of the considerations which supported the exception recognized in *Sprague* are present here. Moreover, since, with the exception of the docket fee provided by 28 U. S. C. § 1923 (a),¹⁴ the statutory definition of the term "costs" does not include attorney's fees,¹⁵ acceptance of peti-

¹² Section 34 of the Lanham Act, 60 Stat. 439, 15 U. S. C. § 1116.

¹³ Section 35 of the Lanham Act, 60 Stat. 439, 15 U. S. C. § 1117 (quoted, *supra*, note 1).

¹⁴ See Note 11, *supra*.

¹⁵ 28 U. S. C. § 1920 provides:

"A judge or clerk of any court of the United States may tax as costs the following:

"(1) Fees of the clerk and marshal;

[Footnote 15 continued on page 7]

tioners' argument would require us to ascribe to Congress a purpose to vary the meaning of that term without either statutory language or legislative history to support the unusual construction. When a cause of action has been created by a statute which expressly provides the remedies for vindication of the cause, other remedies should not readily be implied. *Philp v. Nock*, 17 Wall. 460 (1873); *Teese v. Huntingdon*, 23 How. 2 (1859); cf. *Day v. Woodworth*, 13 How. 363 (1851). Congress has overturned the specific consequence of *Philp* and *Teese* by expressly allowing recovery of attorney's fees in patent cases¹⁶ and has selectively provided a similar remedy in connection with various other statutory causes of action.¹⁷ But several attempts to introduce such a

"(2) Fees of the court reporter for all or any part of the stenographic transcript necessarily obtained for use in the case;

"(3) Fees and disbursements for printing and witnesses;

"(4) Fees for exemplification and copies of papers necessarily obtained for use in the case;

"(5) Docket fees under section 1923 of this title.

"A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree."

¹⁶ 35 U. S. C. § 285. This provision was enacted in 1946, as was the Lanham Act. 60 Stat. 778. It was revised in 1952, so as to limit such recovery to "exceptional cases." 66 Stat. 813.

¹⁷ See, e. g., Clayton Act, 38 Stat. 731, 15 U. S. C. § 15; Communications Act of 1934, 48 Stat. 1072, 47 U. S. C. § 206; Copyright Act, 17 U. S. C. § 116; Fair Labor Standards Act, 52 Stat. 1069, 29 U. S. C. § 216 (b); Interstate Commerce Act, 34 Stat. 590, 49 U. S. C. § 16 (2); Packers and Stockyards Act, 42 Stat. 166, 7 U. S. C. § 210 (f); Perishable Agricultural Commodities Act, 46 Stat. 535, 7 U. S. C. § 499g (b); Railway Labor Act, 48 Stat. 1192, 45 U. S. C. § 153 (p); Securities Act of 1933, 48 Stat. 907, 15 U. S. C. § 77k (e); Securities Exchange Act of 1934, 48 Stat. 890, 897, 15 U. S. C. §§ 78i (e), 78r (a); Servicemen's Readjustment Act, 38 U. S. C. § 1822 (b); Trust Indenture Act, 53 Stat. 1176, 15 U. S. C. § 77www (a). See also Fed. Rules Civ. Proc., 37 (a) and 56 (g).

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provision into the Lanham Act have failed of enactment.¹⁸ We therefore must conclude that Congress intended § 35 of the Lanham Act to mark the boundaries of the power to award monetary relief in cases arising under the Act. A judicially created compensatory remedy in addition to the express statutory remedies is inappropriate in this context.

Affirmed.

¹⁸ S. 2540, 83d Cong., 1st Sess., § 35 (1953), containing a provision for recovery of attorney's fees, passed the Senate but failed of enactment in the House of Representatives. The Report accompanying the bill stated that the provision was intended to parallel the then recent addition to the patent statute. (See note 15, *supra*.) A similar provision was embodied in H. R. 7734, 84th Cong., 1st Sess., § 35 (1955), which also died after passing the originating House.

SUPREME COURT OF THE UNITED STATES

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On Writ of Certiorari to
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[May 8, 1967.]

MR. JUSTICE STEWART, dissenting.

Until this case, every federal court that has faced the issue has upheld judicial power to award counsel fees in trademark infringement cases.¹ In order to overrule that unbroken line of authority, I would have to be satisfied that Congress has clearly declared that counsel fees may not be awarded. The Court's opinion does not convince me that Congress has made any such declaration.²

It is not enough to say that Congress did not expressly provide for counsel fees in the original Lanham Act and has not subsequently amended the Act to authorize their allowance. There are many reasons for rejecting that kind of approach to statutory interpretation in this case. The Court acknowledges that a pre-Lanham Act decision—*Aladdin Mfg. Co. v. Mantle Lamp Co.*, 116 F. 2d 708 (C. A. 7th Cir.)—held counsel fees were recoverable in a trademark action.³ It seems to me reasonable to

¹ Footnotes 4 and 5 of the Court's opinion, *ante*, p. —, set out the copious authority supporting the power in trademark litigation to award counsel fees in appropriate circumstances.

² This case does not involve the "adoption of the English practice in this country," but simply whether the established American practice of awarding counsel fees in appropriate *trademark* cases is to be repudiated.

³ See, *ante*, p. —, n. 4.

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assume that when Congress in the Lanham Act empowered courts to grant relief "subject to the principles of equity"⁴ it was aware of the *Aladdin* decision and intended to preserve the rule of that case. Other provisions of the statute support this view of the underlying congressional intent. For example, the Act provides:

"If the court shall find that the amount of recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case."⁵

Allowing the court to consider the "circumstances of the case" to arrive at the amount of the judgment for the plaintiff hardly comports with the Court's view that Congress rigidly limited the scope of remedies available in trademark litigation. I cannot say, in view of these provisions, that Congress intended *sub silentio* to overrule the *Aladdin* case.⁶

The argument that Congress has declined to amend the Act to provide explicitly for counsel fees is hardly determinative. For Congress can be assumed to have known that the federal courts were consistently exer-

⁴ Section 35 of the Lanham Act, 60 Stat. 439, 14 U. S. C. § 1117.

⁵ *Ibid.*

⁶ This was the reasoning of the District Court in *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374:

"Mere silence and inaction by Congress cannot be held to have repealed what has been found to be a well-established judicial power. Even though the Lanham Act may have been intended to be an integrated and comprehensive set of rules for trademark regulation and litigation to the exclusion of all conflicting rules, the retention of discretionary judicial power over the fixing of costs does not seem such a threat of inconsistency that it should by implication be held pre-empted or repealed by the Act. Some more positive action on the part of the legislature is necessary to indicate the Congressional intent to regulate what has long been an orthodox judicial function." (Footnote omitted.) (Leahy, J.)

cising the power to award counsel fees after the Act's passage. The failure to amend the statute to do away with this judicial power speaks as loudly for its recognition as the failure to pass the bills referred to by the Court speaks for the contrary conclusion.

I respectfully dissent.